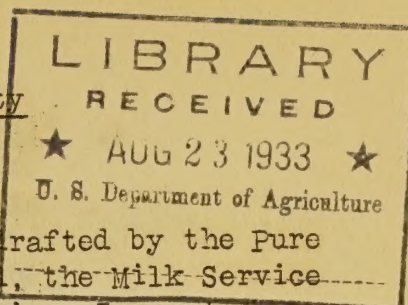


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Tentative Marketing Agreement for Kansas City



This tentative marketing agreement has been proposed and drafted by the Pure Milk Producers Association, Inc., of Kansas City, Missouri, the Milk Service Association of Kansas City, Missouri, and Independent Dairies, Inc., to be submitted with application for public hearing before the Secretary of Agriculture at Washington, D. C.

MARKETING AGREEMENT

As used in this Agreement the following words and phrases shall be defined as follows:

- a. "Contracting producers" means and includes members of the Pure Milk Producers Association, and such other producers and associations of producers of "fluid milk" sold or consumed in the "Kansas City Metropolitan Area" as may become parties signatory to this agreement according to the terms thereof.
- b. "Contracting distributors" means and includes members of the Milk Service Association of Kansas City, Missouri, and the Independent Dairies, Inc., and such other distributors and processors of "fluid milk" in the Kansas City Metropolitan Area as may become signatory to this agreement, according to the terms thereof.
- c. "Producer-distributors" means and includes members of the Independent Dairies, Inc., and such other producers and producer-distributors as produce, bottle and distribute bottled milk in the unpasteurized state.
- d. "Fluid Milk" means and includes fluid milk and fluid cream and such fluid derivatives thereof as are sold by "contracting distributors" and/or "producer-distributors" in the Kansas City Metropolitan Area."
- e. "Kansas City Metropolitan Area" means and includes that territory lying within the corporate limits of Kansas City, Missouri, territory within the corporate limits of Independence, Missouri and North Kansas City, Missouri, and all territory lying within 10 miles distant, air line, from the nearest point marking the corporate limits of the City of Kansas City, Missouri, with the exception of territory lying within Wyandotte County, Kansas.
- f. "Secretary" means the Secretary of Agriculture of the United States.



3. "Act" means the Act of Congress entitled "An Act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933.

THE PARTIES to this agreement are the "Contracting Producer", parties of the first part, the "Contracting Distributors", parties of the second part, the "Producer-Distributors", parties of the third part, and the Secretary of Agriculture, party of the fourth part.

WHEREAS, pursuant to the "Act", the parties hereto, for the purpose of correcting the conditions now obtaining in the marketing of "fluid milk" in the Kansas City Metropolitan Area, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the "Act," and

WHEREAS, the Pure Milk Producers Association, Inc., is a corporation, organized under the laws relating to cooperative marketing associations of the State of Missouri, having approximately 1200 members engaged in the production of milk for pasteurization in said area, and the "Producer-distributors", signatory hereto, are members of the Independent Dairies, Inc., a Corporation consisting of approximately 150 producers, marketing un-pasteurized or raw fluid milk in said area, such parties, together producing more than 75 percent of the fluid milk distributed and consumed in the Kansas City Metropolitan Area who represent that they have the power and authority to enter into this agreement on behalf of the members thereof; and

WHEREAS, members of the Milk Service Association and members of the Independent Dairies, Inc., distribute more than 75% of the "fluid milk" distributed in the Kansas City Metropolitan Area, which said "fluid milk" comprises substantially all of the "fluid milk" marketed by the aforesaid Pure Milk Producers Association, and the Independent Dairies, Inc., and said Milk Service Association represents that it has the power and authority to enter into this agreement on behalf of the members and stockholders thereof; and

WHEREAS, the parties hereto, for the purpose of improving marketing conditions in said Kansas City Metropolitan Area have subscribed to and agreed to comply with the Code of Ethics hereto attached, marked Exhibit "D"; and

WHEREAS, the marketing of "fluid milk" produced for distribution in the Kansas City Metropolitan Area and distribution thereof affect and enter into both the current of interstate commerce and current of intrastate commerce, which are inextricably intermingled, and it is the purpose of the parties hereto to enter into this agreement in furtherance of the policy of Congress expressed in the Act in respect to "fluid milk" produced for and sold in the "Kansas City Metropolitan Area."



NOW THEREFORE in consideration of the premises the parties hereto agree as follows:

1. The prices at which "fluid milk" shall be sold by the "Contracting producers" and purchased by the "Contracting distributors" for distribution or consumption in the Kansas City Metropolitan Area shall be those set forth in Exhibit "A" which is attached hereto and made a part hereof. The prices set forth in Exhibit "A" may be changed by agreement between the "Contracting producers" and the "Contracting distributors" provided, however, that such price changes shall become effective 10 days after filing a written schedule thereof with the Secretary unless disapproved by the Secretary within said period.

Payments to Milk Service Association, a non-profit corporation, organized under the laws of the State of Missouri, payments to Pure Milk Producers Association by and on behalf of the members thereof and payments to the Independent Dairies, Inc. made pursuant to Paragraph 4 hereof, and payments by and on behalf of "Contracting producers" to the Milk Advertising Committee hereinafter referred to, shall all respectively be deemed part of the price paid to producers.

2. The marketing plan governing the marketing and processing of milk which is attached hereto and made a part hereof and marked Exhibit "B" and shall be and is binding on the "Contracting producers", the "Contracting distributors", the "Producer-distributors", and each of them, as to all matters and things herein required to be done upon the part of any of them respectively. Such marketing plan may be modified by agreement between the "Contracting producers", the "Contracting distributors" and the "Producer-distributors", provided, however, that any such modifications of said marketing plan shall become effective 10 days after the same are filed in writing with the Secretary, unless by him disapproved within such period.

3. The wholesale and retail prices at which "fluid milk" shall be distributed by the "Contracting distributors" and the "Producer distributors" in the Kansas City Metropolitan Area shall be those defined and set forth in Exhibit "C" which is attached hereto and made a part hereof. The prices set forth in Exhibit "C" may be changed by agreement between the "Contracting producers", and the "Contracting distributors", provided the same are filed in writing with the Secretary, unless by him disapproved within such period.

4. The "Contracting distributors" agree that they will not purchase "fluid milk" from any producer not a member of the Pure Milk Producers Association unless such producer authorizes the purchasing "Contracting distributor" to pay over to the said Milk Service Association the same amount per hundred pounds of milk purchased which the members of the Pure Milk Producers Association are then authorizing the "Contracting distributors" to pay over to the Pure Milk Producers Association on behalf of its members; and said purchasing "Contracting distributor" shall simultaneously with making payment to the producer for "fluid milk" purchased, make such payment to said Milk Service Association. The sums so paid shall be kept by the Milk Service Association for the purpose of securing to said producers not members of the Pure Milk Producers Associa-



tion advertising, educational, and other benefits similar to those which are secured by the members of the Pure Milk Producers Association by virtue of their like payments to said Pure Milk Producers Association. Such Milk Service Association shall disburse such funds as directed by the officers of the Milk Service Association.

5. There shall be constituted a Milk Advertising Committee to be composed of one person designated by the Milk Service Association, one person designated by the Pure Milk Producers Association, Inc., one person designated by the Independent Dairies, Inc., and one person selected by those persons so designated. There shall be paid to said Committee the following amounts: (a) 1¢ per cwt. on all milk purchased by the "Contracting distributors" engaged in the sale of pasteurized milk, to be deducted by such distributors from the price paid to the producers of such milk; (b) 1¢ per cwt upon all milk purchased by the "Contracting-distributors" engaged in the sale of pasteurized milk, to be paid by such distributors out of their own funds; (c) 1/20¢ per quart by the Independent Dairies, Inc., on all bottled raw milk sold in said area by members or non-members of the Independent Dairies, Inc. exclusive of that sold by the "Contracting Distributors" above mentioned in (a) and (b). The payments so provided shall be made monthly and on or before the 10th day of each and every month by such "Contracting distributors" to said Milk Advertising Committee. This Committee shall from time to time expend the fund so accumulated for such advertising and educational purposes as it may determine in order to promote and increase consumption of "fluid milk" in said Kansas City Metropolitan Area.

6. All producers of "fluid milk" whose farms have been inspected by any municipal jurisdiction in the "Kansas City Metropolitan Area", and the marketing of whose milk is not prohibited by the health laws and ordinances applicable to marketing of milk by said Pure Milk Producers Association, shall, as heretofore, be permitted, as far as marketing conditions may allow, to become members of the Pure Milk Producers Association on an equal basis with existing members similarly circumstanced.

7. The "Contracting Producers", the "Contracting Distributors", and the Producer-Distributors shall, as and to the extent required by the "Secretary", severally maintain systems of accounting which shall be satisfactory to the "Secretary" and their respective books and records shall be subject to his examination during the usual hours of business, and they shall severally from time to time furnish to the "Secretary" on and in accordance with forms to be supplied by the Department of Agriculture such information as the "Secretary" may request.

8. The standards governing the production, receiving, transportation, processing, bottling, and distribution of "fluid milk" sold or distributed in the "Kansas City, Missouri, Metropolitan Area" shall be those established by the health ordinances of the City of Kansas City, Missouri.

9. The regulations governing the use and interchange of milk bottles and other containers shall be those prescribed by the laws of the State of Missouri, and the regulations on exchange that are agreed upon between the Kansas City Exchange Company (a corporate body empowered to



exchange bottles for the members of the Milk Service Association) and the Independent Dairies, Inc., and subject to confirmation of the Secretary of Agriculture.

10. The parties to this agreement desire and request that a disinterested person be appointed and designated by the "Secretary" to act as an Enforcement Officer under the "Act" in respect to the marketing of milk and its products in the "Kansas City Metropolitan Area." Such Enforcement Officer, if and when appointed, shall have the authority to enforce the provisions of this agreement, and generally do and perform such other duties and possess such power and authority as may devolve upon him under the "Act" by order of the Secretary or pursuant to the provision of this agreement and attached Code of Ethics.

The parties hereto also desire and request the "Secretary" to exercise the powers conferred upon him under Section 8 (3) of the "Act" with reference to the issuance of licenses to all distributors, processors, associations, producer-distributors and others engaged in the handling of milk and the production thereof in said area, such licenses to be issued subject to such terms and conditions as the "Secretary" may specify.

11. This agreement shall become effective at such time as the "Secretary" may determine and shall continue in force until the last day of the month following the aforesaid effective date and thereafter from month to month, except that:

(a) The "Secretary" may (and shall upon the request of either 75% of the "Contracting Producers" and "Producer-Distributors," or 75% of the "Contracting Distributors" and "Producer-Distributors", such percentage to be measured by volume of "fluid milk" produced, marketed or distributed respectively) by notice in writing deposited in the registered mail, and addressed to the Pure Milk Producers Association, the Milk Service Association, and the Independent Dairies, Inc., at the respective addresses now on file with the "Secretary", on or before the 20th day of any month terminate said contract as of the end of such month.

(b) The "Secretary" may for good cause shown as of the end of any month terminate this agreement as to any party of parties signatory hereto by notice in writing deposited on or before the 20th day of such month in the registered mails and addressed to such party or parties at the address or addresses of such party or parties on file with the "Secretary."

(c) This agreement shall in any event terminate whenever Title I of the "Act" shall cease to be in effect, or whenever the President or Congress shall terminate those provisions of the "Act" which authorize this agreement.

12. It is understood and agreed that the contracting parties of the first, second and third parts retain the right to enter into the agreements and contracts supplementary hereto and to engage in undertakings, not inconsistent with the true purpose and object of this Marketing Agreement. Notice of all such supplementary contracts and agreements shall be filed with the "Secretary" and shall be subject to his approval.



13. If any individual, firm or corporation considers himself or itself aggrieved by any action taken hereunder by any party or parties hereto, such individual may lay his complaint before the "Secretary" who shall thereafter take such action in reference thereto as he deems necessary to carry out the purpose of this Marketing Agreement.

14. The benefits, privileges and immunities conferred by virtue of this agreement shall cease to exist upon the termination of this agreement, and the benefits, privileges and immunities conferred by virtue of this agreement upon any party or parties signatory hereto shall cease to exist upon the termination of this agreement as to such party or parties.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be acknowledged by their duly authorized representatives on this \_\_\_\_\_ day of \_\_\_\_\_, 1933.

Kansas City Milk Service Ass'n., E. S. Dostert, Pres.

Pure Milk Prod. Ass'n., E. P. Mulligan, Pres.

Independent Dairies, Inc., J. S. England, Jr., Vice Pres.

#### EXHIBIT "A"

#### PRODUCTION PRICES OF "FLUID MILK"

Prices paid to producers shall be determined with reference to the "rules for control of Basic production" (set forth in Exhibit "B" to this agreement) which set up definite quantities of milk known as "bases". In addition thereto, there shall be four classes of milk. Class 1 is an amount equal to the fluid sales of pasteurized milk of all the "Contracting Distributors." Class 2 shall be an amount equal to the fluid cream sales of all the "Contracting Distributors." Class 3 shall be the remainder of the base above Class 1 and Class 2. Class 4 shall be the additional milk which may be purchased by producers or distributors.

The price of Class 1 milk shall be: \$1.85 per cwt. for milk of 4% butterfat content, F.O.B. the dealer's city plant, subject to a butterfat differential of 4¢ per one-tenth of one percent butterfat content below or above 4%. The price of Class 2 milk shall be: \$1.85 per cwt. for milk of 4% butterfat content, F.O.B. the dealer's plant, subject to a butterfat differential of 4¢ per one-tenth of one percent butterfat content below or above 4%.

The price of Class 3 milk shall be determined according to the butterfat content on the basis of the Chicago market for 92 score creamery butter sold at wholesale, F.O.B. the farmer's gate. The price of Class 4



milk shall be determined according to the butterfat content on the basis of the Chicago market for 92 score creamery butter sold at wholesale, F.O.B. the "Contracting Distributor's" plant.

The station differentials, hauling rates, methods of check testing, audits of distributors' sales, reports of sales, and such other arrangements between the "Contracting Producers" and "Contracting Distributors" as are now existing and unchanged by this agreement, including the memoranda of agreement by Dr. Clyde L. King and Don N. Geyer, attached hereto, marked Exhibit "E", shall remain as at present, subject to adjustment from time to time by the joint committee of the producers and distributors now existing in the Kansas City market, and in the event an agreement cannot be reached by the joint committee, such points as are in disagreement shall be referred to the Secretary or his Enforcement Officer, if any, who shall make a decision which shall be followed by all contracting parties.

The "Contracting Distributors" severally agree that they will adjust the quantity of base milk allotted to them in such a way that each "Contracting Distributor" will be carrying a quantity of base milk proportional to his percentage of the sales of "fluid milk" and fluid cream in the market. In the case of the "Contracting Distributors" who purchase bulk milk from producers who bottle Grade "A" raw milk, a lump quantity of base shall be allotted to such distributors to allow for the fluctuating purchases of such bulk milk from such producers of bottled raw milk, and this lump sum of base shall be adjusted each six months in proportion to the quantity of such bulk milk produced.

In the event that such base so allotted is deducted from undistributed or unused base of members of the Pure Milk Producers Association, Inc., then there shall be deducted from the price of such milk so purchased the sum of 3¢ per cwt., which shall be paid to The Pure Milk Producers Association, Inc.

The equalization of the purchases of base milk shall be accomplished through the shifting of producers at such times and as designated by the joint committee. In event of a disagreement as to which producer shall be shifted, which disagreement is not settled by the joint committee, the matter shall be referred to the Secretary of Agriculture, or his Enforcement Officer, if any, whose rulings shall be binding.

The "Contracting Distributors" have the option of either purchasing or not purchasing Class 3 milk from the "Contracting Producers", but in case a "Contracting Distributor" refuses to purchase a part or all of the Class 3 milk of the "Contracting Producers" supplying his needs, he shall, when and as required by the "Secretary", make such reports as may be asked by the "Secretary" to determine that such distributor has no use for Class 3 milk in the manufacture of any and all dairy products.



EXHIBIT "B"

RULES FOR CONTROL OF BASIC PRODUCTION

For the purposes of this agreement, the term "base" as used in respect to any producer, for pasteurization only, farm or herd, as the case may be, shall be the quantity of milk recorded as such in the files of Pure Milk Association; except that in respect to those producers who sell milk within the Metropolitan Area of Kansas City and who have no such established "base", "bases" shall be allotted by the local representative of the "Secretary" upon a basis which will be equitable as compared with the established "bases" of all other producers delivering to the same assembly point as such producers; and except that new producers, if any, will be allowed during the first ninety (90) days in which they produce and market a "base" equal to sixty percent (60%) of their average daily production for such ninety (90) days.

1. Producers who are tenants renting farms may retain their respective "bases".
2. Producers who rent farms for cash, which farms have no "base", will be entitled only to their own respective "bases". Producers who rent on shares will be entitled to the entire "base" of farms so rented if the landowners own the entire herds on such farms. Where cattle are owned jointly the "base" will be divided according to the ownership of the cattle.
3. The established "bases" of any landlord and his tenant or tenants may be combined.
4. A "base" may be transferred with an entire herd where sale and transfer is made to one party at one transaction, provided such transfer meet the approval in writing of two-thirds of shippers on delivery route.
5. "Bases" may be retained by producers only when milk is produced on farms that have supplied the market for "fluid milk" for consumption purposes in the Kansas City, Missouri, Metropolitan Area within the past year or from farms that lie within a territory regularly supplying said market.
6. Where a herd is dispersed for any reason without a transfer of its "base", the herd must be replaced within forty-five (45) days if such "base" is to be retained by the producer.
7. Producers may combine all "bases" to which they may be entitled hereunder.
8. Any producer who shall voluntarily remain off the market for a period of more than forty-five (45) days shall upon resuming production be treated for the purposes hereof as a new producer.



9. If combined sales of Classes 1 and 2 "fluid milk" are 60% or less of total "Base", Producers whose average daily production for any two consecutive months is less than 70% of their base; if such sales are from 60% to 70% of total "base", Producers whose average production for any two consecutive months is less than 75% of total "base"; and if such sales are above 70% of total "base", Producers whose average daily production for any two months is less than 80% of their individual "base", will thereby establish a new "base" equal to such average daily production. In the case of producers supplying a distributor who is not accepting any Class 3 milk, such producers shall be allowed to ship a quantity of Class 3 milk equal to 3% of their individual "base", and such "base" shall not be reduced unless such producer falls 5% below the total allowed quantity of Class 1 and 2 milk.

# EXHIBIT "C"

## WHOLESALE PRICE SCHEDULE (Sales by distributors for resale)

### MILK - BULK:-

Full 10 gal. cans or more	28¢
Gallons (4½ or under)	30¢
1/2 pints "	3¢
1/3 quarts "	4¢

### CHOCOLATE MILK

1/2 pints	4¢
1/3 quarts	5¢

### CREAM

Gallons	(18 to 20%)	\$1.40
	(25 to 27%)	1.60
	(40%)	2.80
Quarts	(20%)	.40
	(25%)	.45
	(40%)	.75

### BUTTERMILK

Gallons	.25
Quarts	.08
1/2 pints	.03
1/3 quarts	.04

### SKIM MILK

Gallons	.15
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RETAIL PRICE SCHEDULE

MILK

	<u>To Store</u>	<u>Out of Store</u>	<u>Off Wagon</u>
Quarts (4% or under)	8-1/8¢	10¢	10¢
Pints	5	6	7
Single cap			
to 4.0 - 4.6%	10	11	11
Over 4.6%	12	13	13
Special double cap (anything which covers the lip of the bottle)			
Under 4.6%	10-1/2	12	12
over 4.6%	14	15	15
Certified qts.			15

BUTTERMILK

8	9	10
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CHOCOLATE MILK

Quarts	12	13	13
Pints	7	9	9

CREAM - 18 to 20%

Quarts	50	55	55
Quarts - 25% to 27%	60	65	65
1/2 pints - 18 - 20%	10	12	12
25 - 27%	15	18	18

WHIPPING CREAM

(maximum 40%)	20	25	25
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COTTAGE CHEESE

12 oz. packages	10	12	12
Pounds (bulk)	12	16	16

SOUR CREAM

Quarts	35	42	42
Pints	20	25	25

Any milk sponsored by any organization other than the K. C. Health Dept. or Medical Milk Commission or Jackson Co. should be 1¢ per qt. over same classification of other milk.



EXHIBIT "D"

Agreement Between Pure Milk Producers Association, Inc.  
and Distributors of Greater Kansas City as Determined by

Dr. Clyde L. King, arbitrator.

1. The farmers are to set up a service organization. Their duly appointed agents are to have free access to the plants of the dealers for checking up weights and measures. This service is to include aid to producer and to dealer in maintaining and improving the City's milk supply.
2. For this service the organization is to collect 3 cents per cwt. to be paid through the dealer for each member of the Association about the same time each month that the checks go out to the producers.
3. There is to be no discrimination as between non-members and members. To make certain of this, a net price will be announced to be paid all farmers. From all non-members 3 cents per cwt. will be checked off to go into educational work, preferably dairy council work.
4. A basic surplus plan will be adopted. Each producer will be allowed to make his own base for the calendar year, 1931. This base will be the average of his production for October, November and December.
5. Each dealer on the first of each month, beginning October 1, will report to the association his fluid sales for the preceding month. The sales reported shall include sales of all whole milk, and the sales of cream and manufactured milk, in terms of milk, each to be stated separately. These sales shall be totaled and totals made available to all dealers.
6. The average basic sales thus made shall constitute the quantity of milk for which the dealers shall pay the full basic price during 1931, save as that total may be adjusted to meet any change in total sales during 1931.
7. In view of the fact that these figures as to sales are not now available and in view of the considerable amount of surplus milk that appears to be on this market at this time, a flat price will be paid during October, November and December of \$2.78 or \$2.75 net.
8. A marketing committee shall be chosen of three dealers and three farmers, which shall meet at least once every two weeks. The duties of this committee shall be:
  - (a) To recommend to individual dealers and to farmers such steps as will improve the market situation and stabilize market conditions.
  - (b) Make rules and regulations under which new shippers shall be admitted to the market.
  - (c) Outline a territory neither too large nor too small to supply this market permanently with a high quality of milk.
  - (d) To study trucking and receiving station costs and problems and make recommendations thereon.



- (e) To recommend the conditions, rules and regulations under which producers must ship all or part of their surplus.
9. The butterfat differential shall be as at present: 5 cents point up and down from 4%.
  10. There is to be no change in the retail price to consumers at present, but wholesale prices will be readjusted to be effective not later than October 1.
  11. Not later than the latter part of December, a price conference shall be called, at which the basic and surplus price effective January 1 shall be agreed on.
  12. The principle of arbitration is accepted.

September 6, 1930.

Memorandum of Agreement Between Individual Dealers  
and the Kansas City Pure Milk Association, effective January 1, 1931.

THE BUYING PLAN. The individual base of each producer shall be figured by taking the total daily shipments of each individual farmer during October, November, and December, the total to be divided by 92, which reduces the shipper's base to a daily average. In computing a member's base, then, the daily average will be multiplied by the exact number of days in the month or buying period in question.

The total of all daily bases, members and non-members alike, will be the basic milk available for the market.

The total sales for all dealers of both milk and cream in the preceding month shall be used to compute the percentage relationship of these sales to the established bases as a basis of payment for the following month.

There will be four classes of milk as follows:

- Class I: Fluid Sales.
- Class II: Fluid Cream.
- Class III: Manufactured milk equal to the remainder of the basic.
- Class IV: Anything over basic.

The entire supply of basic milk will be adjusted in so far as possible between individual dealers by the transfer of patrons, so that an equal percentage of each patron's base will be sold as fluid milk.



If the final figures show that 50% of total basic is fluid milk, then the total of patrons' basic of any dealer should be twice the total of his fluid sales.

PRICE. Price will be net to the producer f.o.b. Kansas City unless otherwise stated, and three cents per hundredweight will be paid by the dealer to the Association on all members' milk and to the dealer's committee on non-members' milk.

Class	I:	\$2.75
Class	II:	\$2.09
Class	III:	4 x 92 score Chicago butter, less 3 cents, f.o.b. the farmer's gate.
Class	IV:	4 x 92 score Chicago butter, less 3 cents, less the hauling.

The question of the butterfat differential up or down from 4% is to be submitted to Dr. King for arbitration.

It is option with the dealer whether he accepts Class III milk or not. It is optional with the producer whether he ships Class IV or not.

Deductions for hauling on the direct shipped milk will be the actual contract price to the trucker. Where milk is delivered to a country receiving station, the farmer will receive the Kansas City price, less 35 cents per hundredweight, f.o.b. the country plant.

This is a new plan, and its success will depend upon the cooperative spirit with which farmers accept it and dealers apply it. It will be fully explained at the annual meeting of the Kansas City Milk Association, to be held at Kansas City, January 19, 1931.

#### CODE OF FAIR PRACTICES

Believing that the ideals of an industry become more effective when chrystalized into written form, the following definite and concise rule of conduct of the milk business are adopted, to the end that confidence between the members of the Association and confidence in said members, by their customers, may at all times be fully maintained.

The following trade practices are hereby declared unfair:

(1) Offering bonuses to a competitors producers, either in the form of a higher price or change in conditions affecting price for the purpose of unfairly coercing a producer, or injuring a competitor. Fair competition is not condemned.

(2) Duplicating investment in the producing section where market conditions do not warrant the same and where it is for the purpose of im-



pairing or destroying the value of competitors investment through division of patronage in said section.

(3) Obtaining supplies of milk by offering special inducements not warrented by general market conditions.

(4) Giving away goods or samples other than is customary, in such quantities as to hamper or ombarrass competitors, or to have virtually the effect of rebates.

(5) Selling merchandise that is misbranded, or in any way misleading to the public.

(6) Giving to any customer special inducements not enjoyed by the members general trade.

(7) Giving or paying to any hotel, apartment or factory owner, manager or employee, or to any other person, money, compensation, gratuity free milk or other merchandise or discount, for information or assistance in procuring business.

(8) Making loans to customers, endorsing their notes or otherwise rendering them special assistance or service.

(9) Purchasing an interest in a customers business, or stock in a customer's corporation, for the purpose of securing business.

(10) Furnishing special brands or grades of milk at less than the regular sales price for such brand or grade.

(11) Furnishing milk of higher test than that billed to the customer.

(12) Making false or disparaging statements either written or oral, or circulating harmful rumors respecting a competitor's products, selling price, business, financial or personal standing.

(13) Paying a premium or allowing a discount of any sort to customers.

(14) Buying new business leads from real estate firms, moving companies, public utilities or other agencies or persons.

(15) Advertising in any program, periodical or publication of any kind whatsoever, unless such publication has a general paid circulation, or is for sale on news stands.

(16) Buying tickets to benefits or other local performances, unless such purchase has been approved by the Board of Directors, or some committee constituted for that purpose.

(17) Making cash donations to organizations of any kind for the purpose of influencing business.



- (18) Contracting for or using any container, bottle, device, or milk beverage, which is controlled by a patent or copyright, and which is not offered to dealers generally unless the same is owned or controlled exclusively by the member using it. Existing contracts excepted.
- (19) Making up or disseminating false cost statements.
- (20) "Leader" selling; that is, selling one piece of goods at less than cost and recouping on others sold at the same time.
- (21) Simulating a distinctive feature of a competitor for an ulterior purpose.
- (22) False or misleading or injurious advertising, or spreading of false statements by advertising, printed, written or oral.
- (23) Bribing or subsidizing employees of others.
- (24) Hiring or attempting to hire an employee of another member without the consent of such members.
- (25) Placing another dealer's former salesman in his former territory within twelve months from the time he left the employ of such dealer.
- (26) It is to be considered the duty and not unfair practice or objectional in any sense, for a member to make a confidential report of unethical conduct or improper practices, to the Association in writing, and to supply the Association with all evidence substantiating the report.



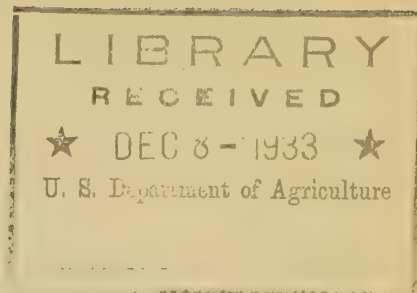




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Kansas City



UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED  
MARKETING AGREEMENT  
FOR  
FLUID MILK - KANSAS CITY, KANSAS AREA.

As set for Hearing December 7, 1933.

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The Marketing Agreement for Fluid Milk - Kansas City, Kansas Area in its present form merely reflects the proposal of the Pure Milk Producers' Association, and none of the provisions contained therein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this area.







# KANSAS CITY, KANSAS MARKETING AGREEMENT FOR MILK

## PART I

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended; -

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the prowar period, August 1909 - July 1914; and -
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as deemed feasible in view of the current consumptive demand in domestic and foreign markets; and -
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the prowar period, August 1909-July 1914; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of milk in the Kansas City, Kansas production area, and the distribution thereof, and to effectuate the declared policy of the Act, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the Act;

NOW THEREFORE, the parties hereto agree as follows:

## PART II

As used in this Agreement, the following words and phrases are defined as follows:

1. "Secretary" means the Secretary of Agriculture of the United States or his duly authorized representative.
2. "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.



3. "Person" means individual, partnership, corporation, and association or any other business unit.

4. "Fluid Milk" means milk, cream or any other of the articles listed in Exhibit "C" which are sold for consumption in the hereinafter defined sales area.

5. "Producer" means any person who produces, in the production area, milk sold for consumption as fluid milk in the sales area.

6. "Contracting Producers" means The Pure Milk Producers' Association and such other producers as may become parties signatory to this Agreement according to the terms thereof.

7. "Distributor" means any person who distributes fluid milk for consumption in the sales area.

8. "Contracting Distributors" means Milk Service Association and such other distributors as may become parties signatory to this Agreement according to the terms thereof.

9. "Sales Area" means the territory included within the following boundaries: Within the limits of Wyandotte County, all that territory in Johnson County north of Martin City Road and east of Number 7 Highway, inclusive of the corporate limits of the following cities within the above counties: Bonner Springs, Kansas; Edwardsville, Kansas; Lenoxa, Kansas; Shawnee, Kansas; and Overland Park, Kansas.

10. "Production Area" means those farms within the following counties: Wyandotte, Johnson, Jefferson, Leavenworth, Douglas counties and such other producers residing outside this area who are now supplying milk to the sales area.

11. "Subsidiary" means any person, of or over which the contracting distributor, who has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

12. "Affiliate" means any person which has, either directly or indirectly, actual or legal control of or over a contracting distributor, whether by stock ownership or in any other manner.

13. "Books and Records" means books, records, accounts, contracts, memoranda, documents, papers and correspondence, or other written data pertaining to the business of the person in question.

14. "Milk Board" means the Milk Industry Board as provided in Part III hereof.

15. "District Committee" means the District Milk Industry Committee, as provided in Part IV hereof.



16. "Regional Board" means the Regional Milk Industry Board, as provided in Part IV hereof.

17. "National Board" means the National Milk Industry Board, as provided in Part IV hereof.

18. (Insert definitions with respect to other important terms and names of persons used in this Agreement.)

### PART III

1. "Members" as used in Part III means the members of the Milk Industry Board.

2. The contracting producers and contracting distributors shall cause to be organized within five days after the execution of this Agreement by the Secretary, a committee of five to be known as the Milk Industry Board. Two members of the Board shall be elected by the contracting producers; two by the contracting distributors; and the fifth member, to represent the consumers, shall be elected by the other four. Such fifth member shall be a resident of the sales area and shall have no connection financially or otherwise with the distribution of milk or products derived therefrom. The fifth member shall be designated by the Secretary in the event such member is not elected within five days of the effective date of this Agreement by the four members as above provided.

3. Members representing the contracting producers and contracting distributors, respectively, shall be elected by the respective parties in a manner to be determined by themselves, provided that a vote of producers representing not less than 70% of the total volume of milk produced within the production area, which volume percentage of production shall include 60% of the producers, and a vote of distributors representing not less than 70 percent of the milk sold as fluid milk within the sales area, which volume percentage of distribution shall include 60% of the distributors by number, respectively, shall be necessary for such election. Upon election the names of all the members shall be certified by the party or parties conducting such elections to the Secretary for his approval. The Secretary may require that such certification include a statement of the manner and vote by which the respective members were elected and the percentage of the total production or sales of fluid milk within the area represented by such vote. Members whose names have been certified to the Secretary and approved by him shall enter upon the discharge of their duties. If the Secretary shall not approve a member, there shall be a vacancy on the Milk Board. Any member may be removed, with or without cause,



by vote of all producers or distributors, as the case may be, representing a volume of milk equal to at least three-fourths of the volume and number by which he was originally elected. Any vacancies on the Milk Board shall be filled in the same manner and by the same parties as provided for the original election.

4. The Milk Board shall be organized by the members by the selection of a chairman, vice-chairman, who shall be members, and a secretary-treasurer who may or may not be a member. The Milk Board shall employ such agents, assistants and clerks as may be necessary to perform its duties. All officers and employees of the Milk Board who handle funds of the Milk Board or who sign or countersign checks upon such funds shall severally give bonds in such amounts and with such sureties as shall be determined by the Milk Board. The cost of such bonds shall be paid by the Milk Board.

5. The members shall serve without compensation, but shall be entitled to reimbursement for the expenses incurred in the performance of their duties.

6. The Milk Board shall be financed as provided in Exhibit "B", which is attached hereto and made a part hereof.

7. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the Milk Board:

(a) to receive and investigate complaints of violations of the terms or conditions of this Agreement and of any license issued in respect to this Agreement and to issue warnings with respect thereto;

(b) to adjust disputes arising under this Agreement between contracting producers and/or contracting distributors;

(c) to report its findings, with recommendations, to the Secretary for proceedings under the Act or otherwise which he may deem advisable;

(d) to cooperate in the establishment of, to establish, and to record bases for all producers, and to cancel bases of particular producers, in accordance with the provisions of Exhibit "B";

(e) to receive and act upon, in accordance with the provisions of Exhibit "B", the applications of new producers as determined in Exhibit "B";

(f) to receive and collect from distributors reports of sales of the various classes of milk and any other information required by the Milk Board in the performance of its duties;

(g) to review in accordance with the provisions of Exhibit "B" the operations of any sales pool, equalization fund, and marketing plan provided for in this Agreement;

(h) to account for all funds collected pursuant to this Agreement.



PART IV

1. For the purpose of securing maximum advantages to the contracting parties and to consumers under the terms of this Agreement and similar agreements, the Secretary hereby designates the sales area to be in Region No. \_\_\_\_\_, District No. \_\_\_\_\_, as indicated in Exhibit "E", which is attached hereto and made a part hereof.

2. A District Milk Industry Committee shall be established for District No. \_\_\_\_\_, Region No. \_\_\_\_\_, to consist of one representative of the contracting producers of the production area and one representative of the contracting distributors of the sales area, and if and when designated, other production areas and sales areas in District No. \_\_\_\_\_, Region No. \_\_\_\_\_. Such representatives shall be designated by the Milk Boards. The chairman of the first Milk Board organized in District No. \_\_\_\_\_, Region No. \_\_\_\_\_ shall call by written notice the first meeting of the representatives composing the District Committee. The District Committee shall be organized at such first meeting by election from among their number, of a chairman, vice-chairman, and secretary, who shall perform the duties usually devolving upon such officers. The Secretary or his designated representative shall receive notice of all meetings, have the privilege of the floor, but shall not have a vote on any matters coming before the District Committee.

3. A regional Milk Industry Board shall be established for Region No. \_\_\_\_\_ to consist of one representative of the contracting producers, and one representative of the contracting distributors of District No. \_\_\_\_\_, and if and when designated other districts in Region No. \_\_\_\_\_. The representatives of each District shall be designated by the District Committee of each District. The Secretary shall call by written notice to the District Committees of Region No. \_\_\_\_\_ the first meeting of the representatives composing the Regional Board. The Regional Board shall be organized at such first meeting by election from among their number, of a chairman, vice-chairman, secretary, and treasurer, who shall perform the duties usually devolving upon such officers. The Secretary, or his designated representative, shall receive notice of all meetings, have the privilege of the floor, but shall not have a vote on any matters coming before the Regional Board.

4. A National Milk Industry Board shall be established for the United States, to consist of one representative of the contracting producers and one representative of the contracting distributors of Region No. \_\_\_\_\_, and all other regions as designated in Exhibit "E", attached hereto. The representatives of each Region shall be designated by the Regional Boards of each Region. The Secretary shall call, by written notice to the secretaries of the Regional Boards, the first meeting of the representatives composing the National Board. The National Board shall be organized at such first meeting by election from among their number of a chairman, vice-chairman, secretary, and treasurer, who shall perform the duties usually devolving upon such officers. The Secretary, or his designated representative, shall \_\_\_\_\_ receive notice of all meetings, have the



privilege of the floor, but shall not have a vote on any matters coming before the National Board.

5. All voting members of the District Committees, Regional Boards and the National Board shall serve without compensation, but shall be entitled to reimbursement for the expenses incurred in the performance of their duties.

(a) Expenses of members of District Committees shall be paid by the Milk Boards which such members represent.

(b) Expenses of members of Regional Boards and necessary operating expenses of Regional Boards shall be paid by the Milk Boards of the Region in the manner as hereinafter described.

(c) Expenses of members of the National Board shall be paid by the Regional Boards which such members represent.

6. A budget for a stated period shall be established by the Regional Board to cover its estimated expenses. Such budget shall be submitted to the Milk Boards of Region No. \_\_\_\_\_ together with a statement of the amount in cents or fractions thereof per hundredweight of fluid milk sold within the region necessary to cover such budget. Each such Milk Board shall note the period of the budget, amount per hundredweight and make payment to the treasurer of the said Regional Board in accordance with the volume of fluid milk sales sold in its sales area \_\_\_\_\_ for the three months immediately preceding date of budget. Payment of the sums determined in accordance with the provisions hereof may be paid in total or divided into as many installments as there are months covered by the period of the budget. The payment of such total sum, or the installments of such sum, if paid in installments, shall be made upon the twentieth of the month following receipt of the budget, and thereafter if payments are made in installments upon the twentieth of each succeeding month. The payments herein mentioned may, for good cause shown, be deferred from time to time upon approval of the Secretary.

7. The Regional Boards shall maintain a system of accounting and records which shall accurately reflect their true accounts and financial conditions. The Regional Boards' books and records shall be available during the usual business hours for inspection by authorized representatives of the Milk Boards within the Region.

8. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the District Committee;

(a) to act as an advisory and coordinating committee within the industry;

(b) to make recommendations to the Regional Board relative to matters affecting the industry;

(c) to receive and investigate complaints arising from differences between the various sales areas and production areas

operating within the district under agreements similar hereto;

(d) to report its findings, with recommendations to the Secretary for proceedings under the Act or otherwise which he may deem advisable.

9. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the Regional Board:

(a) to act as an advisory and coordinating board within the industry;

(b) to make recommendations to the National Board relating to matters affecting the industry;

(c) to receive and investigate complaints arising from differences between the Districts;

(d) to make recommendations to the Secretary on matters affecting the industry within its Region.

10. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the National Board;

(a) to act as an advisory board for the industry;

(b) to make recommendations to the Secretary relating to matters affecting the industry;

(c) to receive and investigate complaints arising from differences between the Regions;

(d) to report its findings, with recommendation, to the Secretary for any proceedings under the Act or otherwise which he may deem advisable.

## PART V

1. The schedule governing the prices at which, and the terms and conditions under which, milk shall be sold by the contracting producers and purchased by the contracting distributors for distribution as fluid milk, shall be that set forth in Exhibit "A", which is attached hereto and made a part hereof. The provisions of such schedule may be changed from time to time by agreement between 75% of the contracting producers, measured by total volume of milk produced within the production area, which volume percentage of production shall include 60% of the producers on the one hand, and 85% of the contracting distributors measured by total volume of milk sold as fluid milk within the sales area, which volume percentage of distribution shall include 60% of the distributors, on the other hand, provided, however, that such changes shall become effective only upon written approval of the Secretary. Payments to the Milk Board made pursuant to section six (6) of Article II and section two (2) of Exhibit "B", which is attached hereto and made a part of this



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Agreement, and like payments to The Pure Milk Producers Association made pursuant to membership agreements, shall, respectively, be deemed a part of the price paid to producers.

2. The plan governing the marketing of milk within the production area and the sales area shall be that set forth in Exhibit "B", which is attached hereto and made a part of this Agreement. Such plan may be modified by agreement between 75% of the contracting producers, measured by total volume of milk produced within the production area, which volume of percentage of production shall include 60% of the producers, on the one hand and 85% of the contracting distributors, measured by total volume of milk sold as fluid milk within the sales area, which volume of percentage of distribution shall include 60% of the distributors, on the other hand, provided, however, that such changes shall become effective only upon the written approval of the Secretary.

3. The schedule governing the prices at which and the terms and conditions under which fluid milk shall be distributed and sold by the contracting distributors in the Kansas City, Kansas Sales Area, shall be that set forth in Exhibit "C", which is attached hereto and made a part of this Agreement. Such schedule may be changed from time to time by agreement between 75% of the contracting producers, measured by total volume of milk produced within the production area, which volume of percentage of production shall include 60% of the producers, on the one hand, and 85% of the contracting distributors measured by total volume of milk sold as fluid milk within the Sales Area, which volume of percentage of distribution shall include 60% of the distributors, on the other hand.

4. The contracting distributors agree that they will not purchase milk from any producer not a member of the Pure Milk Producers' Association unless such producer authorized the purchasing contracting distributor to pay over to the Milk Board the same amount per hundred pounds of milk purchased which members of the Pure Milk Producers' Association are then authorizing the contracting distributors to pay over to the Pure Milk Producers' Association on behalf of its members, and such purchasing contracting distributors shall simultaneously with making payment to the producer for milk purchased, make payment as aforesaid to the said Milk Board. The sum so paid shall be kept as a separate fund by the Milk Board and expended by said Milk Board in securing for non-members of the Pure Milk Producers' Association services and benefits generally similar to those which are secured by the members of the Pure Milk Producers' Association by virtue of their like payments to The Pure Milk Producers' Association. The Milk Board shall employ the Pure Milk Producers' Association as its representative for rendering services and acquiring benefits for the non-members of the Pure Milk Producers' Association similar to those rendered and acquired by members of the Pure Milk Producers' Association by virtue of their membership when- over the Pure Milk Producers' Association is in a position to render such services and confer such benefits. Such Milk Board shall keep separate books and records in form satisfactory to the Secretary pertaining to such funds, which said books and records of the Milk Board shall be subject to the examination of the Secretary during the usual hours of business, and that the Milk Board shall from time to time furnish the Secretary such information as the Secretary may require.

5. All contracting producers, not members of The Pure Milk Producers' Association shall be permitted to become members of the Pure Milk Producers' Association on an equal basis with existing members similarly circumstanced.

6. The contracting producers and the contracting distributors shall severally maintain systems of accounting which shall accurately reflect the true accounts and conditions of their respective businesses, which shall include any subsidiary or affiliate. Their respective books and records (including the books and records of such subsidiaries and affiliates) shall, during the usual hours of business, be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this Agreement, including verification by the Secretary of the information furnished on forms hereinafter referred to. The contracting producers and contracting distributors shall severally, from time to time, furnish information to the Secretary on and in accordance with form to be determined by him, each of which reports shall be verified under oath. The Secretary, in his discretion, may permit the omission of any such subsidiary or affiliate from any such reports. In the event that the Pure Milk Producers' Association and/or the Milk Board and the Secretary shall have occasion to collect identical information from the same parties, the Pure Milk Producers' Association or the Milk Board, as the case may be, shall use forms acceptable to the Secretary and arrangements shall be made for triplicate reports to be submitted to the Secretary and the Pure Milk Producers' Association and the Milk Board. All information (unless it would have been otherwise legally obtainable by the Secretary) obtained by or furnished to the Secretary, pursuant to this paragraph, if designated in writing as such when so obtained or furnished, shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand by the President, by either House of the Congress, of any committee thereof, or by any court, or when offered in evidence in any hearing authorized by the Act, or otherwise in the suspension or revocation as to one or more persons of any license issued by the Secretary, whether or not such information was obtained from or furnished by the person or persons with respect to whose license the hearing was held. The Secretary, however, may combine and publish the information obtained from or furnished by the contracting parties in the form of general statistical studies or data. The Secretary may make and issue such regulations and prescribe such penalties in accordance with the provisions of Sub-Section (c), Section Ten (10) of the Act, as he may deem advisable in the event of any violation of the confidence or trust as imposed herein.

7. All fluid milk marketed and distributed in interstate commerce in accordance with the terms of this Agreement shall be produced, received, transported, processed, bottled, and distributed in accordance with the provisions of the health laws, ordinances and regulations of the Federal, state, municipal, or other political sub-divisions within which such milk is marketed and distributed. All such ordinances and regulations for the purposes herein stated shall be deemed a part hereof.

8. The schedule of fair practices set forth in Exhibit D, which is attached hereto, and made a part of this Agreement, shall be the uniform



schedule of fair practices for the Sales Area. The provisions of such schedule may be changed from time to time by agreement between 85% of the contracting distributors measured by total volume of milk sold as fluid milk within the sales area, which volume of percentage of distribution shall include 60% of the distributors by number, provided, however, that such changes shall only become effective upon the written approval of the Secretary.

9. The contracting distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable general regulations, Agricultural Adjustment Administration, prescribed by the Secretary and approved by the President, and not otherwise.

10. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this Agreement shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time terminate this Agreement as to all parties thereto by giving at least one day notice by means of a press release or in any other manner which the Secretary may determine.

(b) The Secretary may, at any time terminate this Agreement as to any party signatory thereto, by giving at least one day notice, by depositing the same in the mail and addressed to such party at his last known address.

(c) The Secretary shall terminate this Agreement upon the request of 75% of the contracting producers, which percentage of producers shall include 60% of the production of the Production Area, or 85% of the contracting distributors which percentage of distributors shall include 60% of the fluid milk sales of the Sales Area, by giving notice, in the same manner as provided in subdivision (a) above.

(d) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

11. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

12. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

13. After this Agreement first takes effect any producer of fluid milk or any distributor of fluid milk, may become a party to this Agreement,

if a counterpart thereof is executed by him and the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this Agreement, shall then be effective as to such new contracting party.

14. If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement and/or the applicability of any provision to any other person, circumstance or thing shall not be affected thereby.

15. Nothing contained in this Agreement shall be construed in derogation or modification of the rights of the Secretary to exercise any powers granted him by the Act or otherwise, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

16. The Secretary may by a designation in writing, name any person, including any officer or employee of the government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act for the purposes and subject to the limitations herein contained and not otherwise, have herunto set their respective hands and seals.

[illegible]



WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power to enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the contracting producers and the contracting distributors are engaged in the handling of fluid milk in the current of interstate commerce; and (2) that the conditions existing in the marketing and distribution of fluid milk in intrastate commerce burden the marketing and distribution of fluid milk in interstate commerce; and (3) that the marketing and distribution of fluid milk in intrastate commerce is inextricably intermingled with its marketing and distribution in interstate commerce; and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, and pursuant to the provisions hereof declare this Agreement to be effective on and after \_\_\_\_\_ Eastern Standard Time, \_\_\_\_\_.

\_\_\_\_\_  
Secretary of Agriculture

EXHIBIT "A"

CLASSIFICATION OF MILK AND PRODUCER PRICES

1. Prices paid to producers shall be determined with reference to the rules for control of basic production and method of payment as set forth in Exhibit "B", attached hereto.

2. Classes of Milk.

All milk purchased and/or sold under this Agreement shall be divided into the following classes:

(a) Class I Milk.

Class I milk shall include all Special, Grade A and Grade B milk used or otherwise disposed of as follows:

All milk sold in bulk and in bottles,  
All Bulgarian buttermilk sold in bottles,  
All cream buttermilk sold in bottles,  
All coffee cream sold in bottles,  
All whipping cream sold in bottles,  
All special cream sold in bottles,  
All chocolate milk,

and shall include the difference between 98% of all milk delivered to any distributor and the total reported sales of such distributor in the several classes hereinbefore or hereinafter mentioned.

(b) Class II Milk.

Class II milk shall include all Special, Grade A and Grade B milk used, or otherwise disposed of as follows:

All plain buttermilk,  
All milk, which is not already in Class I, from which the skim milk is utilized for making cottage cheese,  
All cream sold in bulk,  
All milk or cream used for ice cream mix, and  
All cream stored for ice cream.

(c) Class III Milk.

Class III milk shall include all Special, Grade A and Grade B milk used, or otherwise disposed of as follows:

All milk used for making butter and from which the skim milk is not utilized for some product in Class I and/or Class II,  
All milk used for hard cheese, and  
All milk used for condensed or evaporated milk.



3. Payment to producers shall be computed on a hundredweight basis.

(a) All prices of milk stated are subject to the price differential on butterfat content as hereinafter provided.

(b) Class I Milk - Special Milk, and both Grade A and Grade B \$2.00, per cwt. f.o.b. distributors' platform. Premium for Special Milk shall not be less than 40¢ per cwt. of 4% test of milk.

(c) Class II - \$1.75 per cwt. f.o.b. distributors' platform.

(d) Class III - Special Milk, and both Grade A and Grade B.

four times the average price in the Chicago market for the period (or month) during which the milk is sold, of 92 score butter sold at wholesale as reported by the United States Department of Agriculture, and to the resulting figure one cent per pound butterfat shall be added.

4. Butterfat premiums and penalties shall be based on 4 percent of butterfat.

A differential of four cents shall be paid for each 1/10 of 1 percent butterfat content below or above 4 percent butterfat.

5. All butterfat, in excess of the percent of butterfat in the natural milk flow of the herd, in any class, shall be paid for at Class III price.

6. All milk delivered in any period (or month) shall be paid for not later than fifteen days following the close of the period (or month).

#### Arbitration Committee

The station differentials, hauling rates, audits of distributor's sales, reports of sales, check testing and such other arrangements between the "Contracting Producers" and "Contracting Distributors" as were originally provided, including the memoranda of agreements by Dr. Clyde L. Kind and Don H. Geyer, attached hereto, marked Exhibit "E" shall remain as at present, subject to adjustment from time to time by the joint committee of the producers and distributors now existing in the Kansas City, Kansas market, and in the event an agreement cannot be reached by the joint committee, such points as are in disagreement shall be referred to the Secretary or his Enforcement Officer, if any, who shall make a decision which shall be binding on all contracting parties.

The "Contracting Distributors" hereby recognize the "Contracting Producers" committee, composed of one member shipper to each "Contracting Distributors" plant to be elected by member shippers to each plant in accordance with provisions adopted by the directors of the Pure Milk Producers Association, and who with the management of the Pure Milk Producers Association and "Contracting Distributors" shall be empowered to direct the policies of the market plan in a manner that does not conflict with the constitution and by-laws of the Pure Milk Producers Association, subject to the approval of the "Secretary."

EXHIBIT "B"

MILK MARKETING PLAN

ARTICLE I

### Production Control

1. The contracting distributors shall not purchase fluid milk which is not produced within the production area, provided, however, that the Milk Board, if it shall at any time find that the consumptive demand for Class I and Class II milk in the Sales Area exceeds the available supply of fluid milk produced within the production area, may permit such purchases for a limited period until such available supply shall equal such consumptive demand.
2. Not to exceed two cents per hundred weight shall be deducted from the proceeds of the sale of fluid milk purchased from the producers of the production area and sold by the distributors in the Sales Area and shall be paid to the Milk Board. Of such stated amount per hundred-weight of such fluid milk, the producers shall pay not to exceed one cent and the distributors shall pay not to exceed one cent. Such deductions from producers shall be considered part payment for milk.
3. Funds collected by the Milk Board and not expended by the Board to meet the expenditures necessitated by the duties as set forth in Part IV of the Agreement shall be repaid to producers in proportion to their deliveries of fluid milk sold as Class I fluid milk and to the distributors in proportion to their sales of Class I fluid milk.
4. Producers who distribute only milk produced by themselves and who sell no part thereof to distributors, except at Class III price as set forth in Exhibit "A" shall be known as producer-distributors. The producer-distributors signatory to this Agreement will accept and abide by a base which shall be the amount of fluid milk reduced to terms of four percent milk expressed in hundredweight which equals the average daily sales of fluid milk by the producer-distributor for the period May 1, 1953 to October 31, 1953. The amount of such base shall be determined by the Milk Board. For such purpose, the books and records of the producer-distributor shall be available to the Milk Board. The producer-distributor shall for all purposes of this Agreement be considered as having two separate and distinct identities, first as a producer and second as a distributor. The producer-distributor shall be subject to all provisions of this Agreement, except to the extent that such provisions are inconsistent with this section, in which event, the provisions of this section shall govern.
5. For the purposes of this Agreement, the term base as used in respect to any producer, or herd of a producer, as the case may be, shall be:
  - (a) for that period of time dating from the execution hereof by the Secretary to and including :



(1) In the case of producers who are members of the Pure Milk Producers' Association the quantity of milk recorded as such base in the files of said Pure Milk Producers' Association.

(2) In the case of producers who have no base established by the Pure Milk Producers' Association a base shall be allotted as promptly as possible by the Milk Board and bases so allotted by the Milk Board shall be equitable as compared with the bases established by the Pure Milk Producers' Association:

(b) For that period of time dating from and thereafter during the period this Agreement, the base of each producer shall be a volume of milk which is the same percentage of the producers' average daily production during the period as the total average daily sales of fluid milk, reduced to terms of four percent milk, is of the total average daily production of all producers in the production area.

(c) The base of any producer may at the discretion of the Milk Board be redetermined in accordance with the provisions of section 3 or 4 of this Exhibit, provided that such redetermination shall not be made more often than once each twelve months.

6. The contracting distributors shall not purchase milk or cream from any new producer (the term "new producer" as used in this Agreement shall be deemed to mean such producer who commences to sell milk within the Sales Area after the effective date of this Agreement, and who was not selling milk at the time of the effective date of this Agreement) unless and until there shall have been first obtained for such new producer a certificate of necessity from the Milk Board. Any application for certificate of necessity shall be made to the Milk Board in writing upon forms supplied by the Milk Board. In the event that a certificate of necessity for any producer is denied after such application to the Milk Board, there shall be a right of immediate appeal to the Secretary in a manner to be determined by the Secretary, and he may, in his discretion, issue such certificate of necessity. In the event that a certificate of necessity is issued to a new producer, his established base shall be determined in the same manner as set forth in section four (4) subsection (c) hereof except the Milk Board, in its discretion, shall determine the period of production and sales from which such base shall be determined, provided that in no event shall such base exceed fifty percent of such new producer's production at the time of application to the Milk Board for a certificate of necessity. The base so established shall be deemed to be the established base for such new producer thereafter.

7. Producers changing from one distributor to another may retain their same base provided notice is given to the Milk Board at least fifteen days before the change is made.

8. A producer with a base who, as a tenant, rents a farm may retain his base:

9. A tenant renting a farm may transfer his individual base from farm to farm with the herd for which such base is established.

10. A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant, if the landlord owns the entire herd on such farm. If the cows are jointly owned, whether in a landlord-and-tenant relationship or otherwise, the base will be divided between the joint owners according to the ownership of the cows.

11. The separate bases of any landlord and his tenant or tenants may be established and handled as a single base. When the landlord and tenant or tenants separate, the combined bases will be divided according to the proportion of ownership of the herd.

12. A producer with a base who sells his entire herd to one purchaser at one time may transfer the base to the purchaser, provided, however, that the entire herd is maintained for six months consecutively after such sale and transfer, either on the farm on which such herd shall have been established or upon the first farm to which such herd may be moved by the said purchaser. In such transfer at least as many cows of producing age as made the base must be transferred under the above conditions, except that not more than two cows for family use may be retained if the producing herd is greater than ten cows and only one cow may be retained if the herd consists of ten cows or less. Where the above conditions are not strictly complied with, the base will revert to the Pure Milk Producers' Association in the case of members of the association for reallocation and to the Milk Board for reallocation in the case of non-members of the Pure Milk Producers' Association.

13. A producer who moves his herd may retain his base only if thereafter milk is produced by him on a farm:

(a) which has supplied milk for fluid milk in the Sales Area within one year preceding, or

(b) which lies within a Production Area which has regularly been supplying milk as aforesaid.

14. Where a herd is dispersed for any reason, without the base having been transferred with the said herd, the producer must replace the herd within ninety days if such base is to be retained by the producer.

15. Any producer who shall voluntarily cease to market milk for fluid milk in the sales area for a period of more than sixty consecutive days, shall forfeit his base. In the event that he resumes production thereafter he shall be treated, for the purpose of these rules, as if he were a new producer.

16. Any producer may combine all bases to which he may be entitled under this Agreement.



17. Any producer whose average monthly shipment for any three consecutive months, is less than eighty-five percent of his base will thereby establish a new base equal to such average daily shipment.

18. All established bases dropped or not retained by producers under these rules may be reallocated by the Pure Milk Producers' Association in the case of members thereof, and by the Milk Board in the case of non-members of the Pure Milk Producers' Association. Any producer loses all rights to his established base where the base is transferred or if said base is not retained by him under these rules.

19. Where base milk supplied to any dealer is not sufficient for that respective distributor's requirements and if no milk from holders of established bases be available to that distributor, an increase in the base apportionment shall then be made to those producers supplying milk to him at that time.

20. Excesses over base may be kept at home and such excess milk shall not be sold in the Sales Area in competition with base milk. If such excess over base is sold in the Sales Area in competition with base milk, the Milk Board shall notify the offending producer by written notice to stop or cause to be stopped such sale. In the event that such sale is not stopped within five days after the date on which such notice is mailed, the Milk Board shall, after due proof and opportunity for hearing, subject to the disapproval of the Secretary, cancel the base of the offending producer and thereupon the Milk Board shall reallocate such base, as provided in Section 18.

## ARTICLE II

### MARKETING PLAN

#### Equalization Pool

1. The distributors' equalization pool as hereinafter described shall become effective upon November 1, 1933 and continue in effect during the period of this Agreement. The Milk Board shall administer such pool, provided that in the event the Pure Milk Producers' Association is at the time of the effective date of this Agreement conducting a similar pool or shall be in a position to economically conduct such pool, the Milk Board shall, subject to the approval of the Secretary, designate the Pure Milk Producers' Association administrator of such pool. A competent accountant, hereinafter termed "auditor", shall be retained by the Pure Milk Producers' Association or, in the event the said Milk Board administers the pool, by the Milk Board. Such auditor subject to the supervision of the Pure Milk Producers' Association or of the Milk Board, as the case may be, shall conduct the equalization pool in accordance with the following rules and regulations and such other rules and regulations as may hereafter be issued or approved by the Secretary.

2. Each distributor shall report to the auditor, on and in accordance with forms approved by the Milk Board, and on or before the fifth (5th) day of each month, the following information with respect to the calendar month immediately preceding such date (all quantities of milk being measured in hundredweight):

- (a) The quantity of milk and its weighted average butterfat test as Class I milk.
- (b) The quantity of milk and its weighted average butterfat test sold or used by such distributor as Class II milk.
- (c) The quantity of milk and its weighted average butterfat test sold or used by such distributor as Class III milk (which shall be all milk delivered to such distributors during such period which was not sold or used by such distributor as either Class I or Class II milk).
- (d) The quantity of milk and its weighted average butterfat test thereof delivered to said distributor by or on behalf of producers.
- (e) The quantity of milk and its weighted average butterfat test thereof delivered to such distributor by or on behalf of each producer, together with the name of each such producer.
- (f) The base of each such producer.
- (g) The quantity of milk reported under (e) above as having been delivered to such distributor by each producer which was within the base of such producer.
- (h) The sum of the quantities reported under (g) above as having been delivered to such distributor by each producer within the base of such producer, which shall be considered the delivered base of such distributor for such calendar month.

3. With respect to each calendar month, the auditor shall:

- (a) Compute the quantity of milk which each distributor used in each of Classes I, II and III and shall determine the total price of such respective quantities.
- (b) Compute the percentage of the quantity of milk delivered to all the distributors by producers within such producers' bases which was used by all distributors in each of such classes; and shall compute such respective percentages of each producer's delivered base, multiplying the respective results by the prices of the respective classes of milk.
- (c) Compute the sum to be paid producers per hundredweight for 4 percent milk sold as Class I and Class II milk by multiplying the percentage of Class I and Class II milk obtained as in (b) by the respective prices of such classes, adding the result and dividing by the total quantity of Class I and II milk as obtained in 3 (a).



4. The auditor shall notify each distributor;

- (a) of the percentage of delivered base of each producer which is to be paid for at Class I and Class II prices;
- (b) of the price of Class I and Class II milk as determined in 3 (c).

5. Each distributor shall pay each of his producers for the percentage of base milk in hundred weight as notified in 4 (a) at the price as notified in 4 (b) for 4 percent milk, plus or minus, as the case may be, the butterfat differential. All milk not paid for at Class I and Class II prices shall be paid for at the price for Class III milk. For all milk in excess of base the distributor shall pay the Class I, II, or III price or prices for the respective classes in which such excess milk is used.

6. If, with respect to a given distributor, the total of the results reached under (b) of paragraph 3 is less than the total of the results reached under (a) of paragraph 3, the auditor shall notify such distributor to pay into the equalization fund the difference between such totals.

7. If, with respect to a given distributor, the total of the results reached under (b) of paragraph 3 is greater than the total of the results reached under (a) of paragraph 3, the auditor shall notify the Pure Milk Producers Association or the Milk Board, whichever is in charge of the equalization pool, to pay to such distributor out of the equalization fund the difference between such totals.

8. The notices provided for under sections 4, 5 and 6 shall be given on or before the tenth day of the month immediately succeeding the calendar month to which they apply.

9. All payments by distributors to producers shall be made on or before the fifteenth day of the month immediately succeeding the calendar month to which such payments apply.

10. All payments by distributors into the equalization fund of the difference computed under paragraph 4 and all payments out of the equalization fund to distributors of the difference computed under paragraph 5, shall be made on or before the twenty-fifth day of the month immediately succeeding the calendar month to which such payments apply.

11. Distributors shall keep adequate books and records disclosing all of the facts and information required by the auditor to determine, upon an audit, purchases, sales, movements out of plants and uses of all milk in its various classifications. For such purpose, the books and records of each distributor shall be available to the auditor. Any discrepancies found in the aforesaid monthly reports of purchases and sales or usage shall be adjusted when the next period's computations are made.

12. The auditor shall notify the Milk Board or The Pure Milk Producers Association, whichever is handling the equalization pool, of all reports made to, of information obtained by, and of the results of all computations made by him.

\* \* \* \* \*

EXHIBIT "C"

PRICE SCHEDULE FOR WHOLESALE AND RETAIL SALES

1. Sales of the following articles in the Sales Area shall be at prices hereinafter set forth. Sales of the following articles in bottles or containers shall be made only in bottles or containers of the size specified, and where a grade and/or percentage of butterfat is specified, only at the specified grade and/or percentage.

2. It shall not be deemed a violation of this Agreement to add to the selling price of any article or articles hereinafter listed in this Exhibit any specified sales or occupational taxes imposed by the laws of any State, if permitted by such laws, but any such additions shall be uniform as to all contracting distributors and/or sellers of milk at retail.

3. The contracting distributor may sell to any public unemployment relief agency, any welfare charity or government agency at less than the following prices, upon competitive bids or otherwise.

4. The prices listed in the retail price schedule shall apply as follows:

(a) Home delivery (column A) means retail sales by distributors, stores or markets where milk is delivered to the home of the purchaser.

(b) Store, (column B) means retail sales from stores or markets where purchaser removes the milk from place where bought.

5. Wholesale, delivered, (column C) prices shall apply in connection with sales as follows:

(a) To stores, markets, and other places where milk is resold in its original container for consumption other than on the premises.

(b) To restaurants, drug stores, confectioneries, hotels, and clubs where said articles are used and/or consumed on the premises.



3. WHOLESALE AND RETAIL PRICE SCHEDULE

	R E T A I L		W H O L E S A L E	
	Home Delivery	Store	Delivered	Peddler Sales f.o.b. Plant
	(A)	(B)	(C)	(D)
Milk 3.8-4.2% fat	¢	¢	¢	¢
Gallons (over 10 gals.	---	---	.28	---
(under 10 gals.	---	---	.30	---
Quarts	.10	.10	.08	---
Pints	.06	.06	.05	---
10 oz. bottles	---	---	.03½	---
Half Pints	---	---	.03	---
Milk 4.4-4.6% fat				
Gallons (over 10 gals.	---	---	.36	---
(under 10 gals.	---	---	.38	---
Quarts	.12	.12	.10	---
Pints	.07	.07	.06	---
10 oz. bottles	---	---	.04½	---
Half pints	---	---	.04	---
Special Milk _____ fat				
Quarts 3.9 to 4.1% fat	.12	.12	.10	
Quarts 4.4 to 4.7% fat	.14	.11	.12	
Pints				
Certified Milk under 4.6% fat				
Quarts	.15	.15	.14	
Pints	.09	.09	.08	

WHOLESALE AND RETAIL PRICE SCHEDULE  
(continued)

		RETAIL		WHOLESALE	
		Home Delivery	Store	Delivered	Jobber Sales f.o.b. Plant
		(A)	(B)	(C)	(D)
Buttermilk (Churned)		¢	¢	¢	¢
Gallons	(over 10 gals.	---	---	.19	---
	(under 10 gals.	---	---	.20	---
Quarts		.09	.09	.08	
Pints		.06		.05	
10 oz. bottles		---	---	.03	
Buttermilk (Cultured under 1% fat)					
Gallons	(over 10 gals.	---	---	.19	
	(under 10 gals.	---	---	.20	
Quarts		.09	.09	.07	
Pints		.06	.05	.04	
10 oz. bottles		---	---	.03½	
Half Pints		---	---	.03	
Buttermilk (Cultured Whole Milk)					
Gallons	(over 10 gals.	---	---	.30	
	(under 10 gals.	---	---	.32	
Quarts		.11	.11	.08	
Pints		.07	.07	.06	
10 oz. bottles		---	---	.05	
Half Pints		---	---	.04	
Skin Milk					
Gallons	(over 10 gals.	---	---	.14	
	(under 10 gals.	.17	.17	.15	
Chocolate Milk 2.5-2.7% fat					
Quarts		.11	.11	.09	
Pints		.08	.08	.06½	
10 oz. bottles		.06	---	.05	
Half Pints		.05	---	.04	



WHOLESALE AND RETAIL PRICE SCHEDULE  
(continued)

	R E T A I L		W H O L E S A L E	
	Home Delivery (A)	Store (B)	Delivered (C)	Peddler Sales f.o.b. Plant (D)
<hr/>				
Cream (Table or Coffee) 19-21% fat				
Gallons (over _____ gals.)	---	---	1.40	
(under _____ gals.)				
Quarts	.45	.45	.40	
Pints	.25	.25	.21	
Half Pints	.13	.13	.11	
<hr/>				
Cream (Medium Fat) 25-27% fat				
Gallons (over _____ gals.)	---	---	1.60	
(under _____ gals.)				
Quarts	.55	.55	.50	
Pints	.27	.27	.26	
Half Pints	.15	.15	.14	
<hr/>				
Cream (Heavy) 39-41% fat				
Gallons (over _____ gals.)	---	---	1.60	
(under _____ gals.)				
Quarts	.80	.80	.75	
Pints	.43	.43	.40	
Half Pints	.22	.22	.21	
<hr/>				
Cream (Sour) 19-21% fat				
Gallons (over _____ gals.)	---	---	1.30	
(under _____ gals.)				
Quarts	.35	.35	.32	
Pints	.18	.18	.17	
Half Pints	.11	.11	.10	
<hr/>				

WHOLESALE AND RETAIL PRICE SCHEDULE  
(continued)

	R E T A I L		W H O L E S A L E	
	Home Delivery	Store	Delivered	Peddler Sales f.o.b. Plant
	(A)	(B)	(C)	(D)
Cottage Cheese (Creamed)				
Bulk (per pound)	.12	.12	.10	
1-lb. Packages				
12 oz. "	.16	.16	.12	
10 oz. "				
Cottage Cheese (Creamed)				
Bulk (per pound)				
1-lb. packages				
12 oz. "				
10 oz. "				
Other Dairy Products				

EXHIBIT "D"

RULES OF FAIR PRACTICE

The following practices are considered unfair and shall not be engaged in by the contracting distributors or by their officers, employees, or agents:

- (1) Any method or device whereby fluid milk is sold or offered for sale at a price less than that stated in the Agreement, whether by discount, rebate, free service, merchandise, credit for bulk fluid milk returned, loans or credit outside the usual course of business or other valuable consideration or combined price for such milk together with another commodity sold or offered for sale whether separately or otherwise, or whereby a subsidy is given for either business or information or assistance in procuring business.



EXHIBIT "E"

Agreement Between Pure Milk Producers Association,  
Inc. and Distributors of Greater Kansas City as  
Determined by Dr. Clyde L. King, Arbitrator.

1. The farmers are to set up a service organization. Their duly appointed agents are to have free access to the plants of the dealers for checking up weights and measures. This service is to include aid to producer and to dealer in maintaining and improving the City's milk supply.
2. For this service the organization is to collect 3 cents per cwt. to be paid through the dealer for each member of the Association about the same time each month that the checks go out to the producer.
3. There is to be no discrimination as between non-members and members. To make certain of this, a net price will be announced to be paid all farmers. From all non-members 3 cents per cwt. will be checked off to go into educational work, preferably dairy council work.
4. A basic surplus plan will be adopted. Each producer will be allowed to make his own base for the calendar year, 1931. This base will be the average of his production for October, November and December.
5. Each dealer on the first of each month, beginning October 1, will report to the Association his fluid sales for the preceding month. The sales reported shall include sales of all whole milk, and the sales of cream and manufactured milk in terms of milk, each to be stated separately. These sales shall be totaled and totals made available to all dealers.
6. The average basic sales thus made shall constitute the quantity of milk for which the dealers shall pay the full basic price during 1931, save as that total may be adjusted to meet any change in total sales during 1931.
7. In view of the fact that these figures as to sales are not now available and in view of the considerable amount of surplus milk that appears to be on this market at this time, a flat price will be paid during October, November and December of \$2.78 or \$2.75 net.
8. A marketing committee shall be chosen of three dealers and three farmers, which shall meet at least once every two weeks. The duties of this committee shall be:
  - (a) To recommend to individual dealers and to farmers such steps as will improve the market situation and stabilize market conditions.
  - (b) Makes rules and regulations under which new shippers shall be admitted to the market.

- (c) Outline a territory neither too large nor too small to supply this market permanently with a high quality of milk.
  - (d) To study trucking and receiving station costs and problems and make recommendations thereon.
  - (e) To recommend the conditions, rules and regulations under which producers must ship all or part of their surplus.
9. The butterfat differential shall be as at present: 5 cents point up or down from 4%.
10. There is to be no change in the retail price to consumers at present, but wholesale prices will be readjusted to be effective not later than October 1.
11. Not later than the latter part of December, a price conference shall be called, at which the basic and surplus price effective January 1 shall be agreed on.
12. The principle of arbitration is accepted.

September 6, 1930.

Memorandum of Agreement Between Individual Dealers and the Kansas City Pure Milk Producers' Association, effective January 1, 1931.

THE BUYING PLAN. The individual base of each producer shall be figured by taking the total daily shipments of each individual farmer during October, November, and December, the total to be divided by 92, which reduces the shipper's base to a daily average. In computing a member's base, then, the daily average will be multiplied by the exact number of days in the month or buying period in question.

The total of all daily bases, members and non-members alike, will be the basic milk available for the market.

The total sales of all dealers of both milk and cream in the preceding month shall be used to compute the percentage relationship of these sales to the established bases as a basis of payment for the following month.

There will be four classes of milk as follows:

Class I: Fluid Sales

Class II: Fluid Cream

Class III: Manufactured milk equal to the remainder of the basic.

Class IV: Anything over basic.



The entire supply of basic milk will be adjusted in so far as possible between individual dealers by the transfer of patrons, so that an equal percentage of each patron's base will be sold as fluid milk.

If the final figures show that 50% of total basic is fluid milk, then the total of patron's basic of any dealer should be twice the total of his fluid sales.

PRICE: Price will be net to the producer F.O.B. Kansas City unless otherwise stated, and three cents per hundredweight will be paid by the dealer to the Association all member's milk and to the dealer's committee on non-member's milk.

Class I: \$2.75

Class II: \$2.00

Class III: 4x92 score Chicago butter, less 3 cents  
f. o. b. the farmer's gate.

Class IV: 4x92 score Chicago butter, less 3 cents,  
less the hauling.

The question of the butterfat differential up or down from 4% is to be submitted to Dr. King for arbitration.

It is optional with the dealer whether he accepts Class III milk or not. It is optional with the producer whether he ships Class IV or not.

Deductions for hauling on the direct shipped milk will be the actual contract price to the trucker. Where milk is delivered to a country receiving station, the farmer will be receiving the Kansas City price, less 35 cents per hundredweight, f. o. b. the country plant.

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED MARKETING AGREEMENT - KANSAS CITY, KANSAS AREA

SUBMITTED BY: Pure Milk Producers' Association.

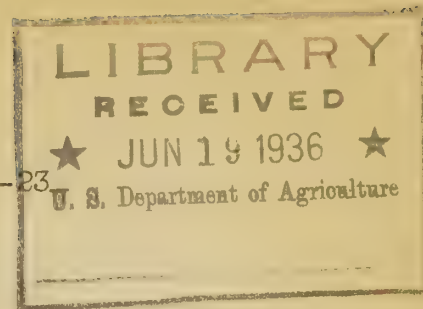
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I, Ammon McClellan, Chief Hearing Clerk, Department of Agriculture, do hereby certify that this is a true and correct copy of the Marketing Agreement for Milk Kansas City, Kansas Area delivered to this office by Dr. Clyde L. King, Chief Dairy Section.

Ammon McClellan,  
Chief Hearing Clerk  
5428 South Building  
Department of Agriculture







Docket No. A-23

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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TENTATIVELY APPROVED MARKETING AGREEMENT  
REGULATING THE HANDLING OF MILK IN THE  
KANSAS CITY, MISSOURI, MARKETING AREA

---

I hereby certify that this document is a true and correct copy of the said Marketing Agreement as tentatively approved by the Secretary of Agriculture, June 13, 1936.

Hearing Clerk,

U. S. Department of Agriculture

Dated: June 13, 1936.

Washington, D. C.



## INSTRUCTIONS FOR SIGNING MARKETING AGREEMENT

(Please read carefully before signing)

Handlers of milk who wish to enter into the Marketing Agreement Regulating the Handling of Milk in the Kansas City, Missouri, Marketing Area with the Secretary of Agriculture should fill in and sign in accordance with the following instructions:

1. The agreement should be signed in the space provided for the signer's signature and address on page 12 just below article XIX headed "Signatures of Parties." The type of business organization which you represent, whether corporation, partnership, or individual, should be indicated with your signature. If your business is organized as a corporation you should be sure to impress the corporate seal at the left of your signature.
2. The record of milk handled during the month of May 1936 should be properly certified as indicated on page 13.
3. The authorization to correct typographical errors on page 14, should be signed.
4. If your business is a corporation the board of directors should pass a resolution, in the form attached to the agreement on page 14, authorizing the signing of this agreement.
5. In case of partnership and corporations the agreement should be signed by persons authorized to represent the same, such authorization to be indicated.

When the above procedure has been completed, the agreement should be returned to the Hearing Clerk, Room 4225 South Building, United States Department of Agriculture, Washington, D. C.

TENTATIVELY APPROVED MARKETING AGREEMENT  
REGULATING THE HANDLING OF MILK IN THE  
KANSAS CITY, MISSOURI, MARKETING AREA

WHEREAS, by section 8b of Title I of the Agricultural Adjustment Act, approved May 12, 1933, as amended, hereinafter called the Act, the Secretary of Agriculture of the United States, hereinafter called the Secretary, is empowered, after due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in such handling of any agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof; and

WHEREAS, the Secretary, having reason to believe that the execution of a marketing agreement would tend to effectuate the declared policy of Title I of the Act with respect to the producers of milk for the Kansas City, Missouri, Marketing Area, did on the 18th day of April 1936 give notice of a hearing to be held at Kansas City, Missouri, on the 16th day of May 1936 on a proposed marketing agreement and did at the said time and place conduct a public hearing at which all interested parties were afforded an opportunity to be heard on the said proposed marketing agreement; and

WHEREAS, the parties hereto, in order to effectuate the declared policy of the Act, desire to enter into a marketing agreement under the provisions of Title I, section 8b, of the Act.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I -- DEFINITIONS

Section 1. Terms. The following terms shall have the following meanings:

1. "Kansas City, Missouri, Marketing Area," hereinafter called the Marketing Area, means the territory within the corporate limits of Kansas City, Missouri.

2. "Person" means any individual, partnership, corporation, association, and any other business unit.

3. "Producer" means any person, irrespective of whether any such person is also a handler, who produces milk in conformity with the health requirements applicable for milk to be sold for consumption as milk in the Marketing Area.

4. "Handler" means any person, irrespective of whether such person is a producer or an association of producers, wherever located or operating, who engages in such handling of milk, which is sold as milk



or cream in the Marketing Area, as is in the current of interstate or foreign commerce or which directly burdens, obstructs, or affects interstate or foreign commerce in milk and its products.

5. "Market Administrator" means the person designated pursuant to article II as the agency for the administration hereof.

6. "Delivery period" means the current marketing period from the 1st to, and including, the last day of each month.

7. "Base" means the quantity of milk calculated for each producer pursuant to section 4 of article VII.

## ARTICLE II -- MARKETING ADMINISTRATOR

Section 1. Selection, Removal, and Bond. The Market Administrator shall be selected by the Secretary and shall be subject to removal by him at any time. The Market Administrator shall, within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary.

Sec. 2. Compensation. The Market Administrator shall be entitled to such reasonable compensation as may be determined by the Secretary.

Sec. 3. Powers. The Market Administrator shall have power:

1. To administer the terms and provisions hereof; and

2. To receive, investigate, and report to the Secretary complaints of violations of the terms and provisions hereof.

Sec. 4. Duties. The Market Administrator, in addition to the duties hereinafter described, shall:

1. Keep such books and records as will clearly reflect the transactions provided for herein;

2. Submit his books and records to examination by the Secretary at any and all times;

3. Furnish such information and such verified reports as the Secretary may request;

4. Obtain a bond with reasonable security thereon covering each employee who handles funds entrusted to the Market Administrator;

5. Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions hereof;

6. Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, within 15 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to article V or (b) made payments pursuant to article VIII; and

7. Pay, out of the funds provided by article X, (a) the cost of his bond and of the bonds of such of his employees as handle funds entrusted to the Market Administrator, (b) his own compensation, and (c) all other expenses which will necessarily be incurred by him for the maintenance and functioning of his office and the performance of his duties.

Sec. 5. Responsibility. The Market Administrator, in his capacity as such, shall not be held responsible in any way whatsoever to any handler or any other person for errors in judgment, for mistakes, or for other acts either of commission or omission, except for his own willful misfeasance, malfeasance, or dishonesty.

### ARTICLE III -- CLASSIFICATION OF MILK

Section 1. Sales and Use Classification. Milk purchased or handled by handlers shall be classified as follows:

1. All milk sold or distributed as milk shall be Class I milk;
2. All milk used to produce cream (for consumption as cream), flavored milk, creamed cottage cheese, and creamed buttermilk shall be Class II milk; provided, that the milk from which only the skimmed milk is used in the production of the above products shall not be included as Class II milk; and
3. All milk purchased, sold, or used in excess of Class I and Class II milk shall be Class III milk.

Sec. 2. Inter-handler Sales. Milk sold by a handler to another handler shall be presumed to be Class I milk. In the event that such selling handler, on or before the date fixed for filing reports pursuant to article V, notifies the Market Administrator that such milk has been sold or disposed of by the purchasing handler other than as milk, then, and in that event, such milk shall be classified in accordance with such notification; provided, that if such selling handler does not, on or before the 9th day after the end of the delivery period during which such sale was made furnish proof satisfactory to the Market Administrator in support of such notification, such milk shall then be classified as Class I milk and so included in the statement rendered to the selling handler pursuant to paragraph 3 of section 1 of article VIII.

Sec. 3. Sales to Non-handlers. Milk sold by a handler to a person who is not a handler and who distributes milk or manufactures milk products shall be presumed to be Class I milk. In the event that such selling handler, on or before the date fixed for filing reports pursuant to section 1 of article V, notifies the Market Administrator that such milk has been sold or disposed of by such purchaser other than as milk, such milk shall be classified according to such notification; provided, that if such selling handler does not, on or before the 9th day after the end of the delivery period during which such sale was made, furnish proof satisfactory to the Market Administrator in support of the above notification, such milk or part thereof shall then be classified as Class I milk and so included in the statement rendered to the selling handler pursuant to paragraph 3 of section 1 of article VIII.



## ARTICLE IV -- MINIMUM PRICES

Section 1. Class I Price. Each handler shall pay producers, at the time and in the manner set forth in article VIII, for Class I milk not less than \$2.00 per hundredweight at the plant of such handler.

Sec. 2. Class II Price. Each handler shall pay producers, at the time and in the manner set forth in article VIII for Class II milk not less than \$1.70 per hundredweight at the plant of such handler.

Sec. 3. Class III Price. Each handler shall pay producers, at the time and in the manner set forth in article VIII, for Class III milk at the plant of such handler, not less than the price per hundredweight which shall be calculated by the Market Administrator as follows: multiply by 3.8 the average price per pound of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased, and add 20 cents.

Sec. 4. Sales Outside the Marketing Area. The price to be paid to producers by a handler for Class I milk sold outside the Marketing Area, in lieu of the price otherwise applicable pursuant to this article, shall be such price as the Market Administrator ascertains is being paid by processors, in the market where such milk is sold, for milk of equivalent use, subject to a reasonable adjustment on account of transportation from the plant where such milk is received from producers to the plant where such milk is loaded on wholesale and retail routes.

## ARTICLE V -- REPORTS OF HANDLERS

Section 1. Periodic Reports. On or before the 5th day after the end of each delivery period each handler shall, with respect to milk or cream which was, during such delivery period, (a) received from producers, (b) received from handlers, and (c) produced by such handler, report to the Market Administrator, in the detail and form prescribed by him, as follows:

1. The receipts at each plant from producers who are not handlers and the quantity of such receipts which represents the total of all milk delivered by producers in excess of their respective bases;

2. The receipts at each plant from any other handler, including any handler who is also a producer;

3. The quantity, if any, produced by such handler; and

4. The respective quantities of milk which were sold, distributed, or used, including sales to other handlers, for the purpose of classification pursuant to article III.

Sec. 2. Reports as to Producers. Each handler shall report to the Market Administrator:

1. Within 10 days after the Market Administrator's request, with respect to any producer for whom such information is not in the files of the Market Administrator, and with respect to a period or periods of time

designated by the Market Administrator, (a) the name and address, (b) the total pounds of milk delivered, (c) the average butterfat test of milk delivered, and (d) the number of days upon which deliveries were made; and

2. As soon as possible after first receiving milk from any producer, (a) the name and address of such producer, (b) the date upon which such milk was first received, and (c) the plant at which such producer delivered milk.

Sec. 3. Reports of Payments to Producers. Each handler shall submit to the Market Administrator on or before the 15th day after the end of each delivery period his producer payroll for such delivery period which shall show for each producer (a) the net amount of such producer's payment with the prices, deductions, and charges involved, (b) the total delivery of milk with the average butterfat test thereof, and (c) the portion of such delivery which was in excess of the base of such producer.

Sec. 4. Verification of Reports. In order that the Market Administrator may submit verified reports to the Secretary pursuant to paragraph 3 of section 4 of article II, each handler shall permit the Market Administrator or his agent, during the usual hours of business, to (a) verify the information contained in reports submitted in accordance with this article, and (b) weigh milk delivered by each producer and sample and test milk for butterfat.

#### ARTICLE VI -- HANDLERS WHO ARE ALSO PRODUCERS

Section 1. Milk Purchased from Producers. In the case of a handler who is also a producer and who has purchased milk from producers, the Market Administrator shall, before making the computations set forth in article VII, (a) exclude the milk purchased by him in each class from other handlers, (b) exclude from his remaining Class I and Class II milk up to but not exceeding 95 percent of the quantity of milk produced and sold by him, and (c) exclude from his remaining Class III milk the balance of the milk produced and sold by him.

Sec. 2. Milk Sold to Other Handlers. Milk sold in bulk by a handler who is also a producer to another handler and sold or used as Class I or Class II milk by the purchasing handler, shall, in making the computation required by section 1 of article VII for such handler, be multiplied by the difference between the Class III price and the Class I and Class II price, as the case may be, and the resultant amount shall be added to the total value of milk otherwise computed.

#### ARTICLE VII -- DETERMINATION OF UNIFORM PRICES TO PRODUCERS

Section 1. Computation of Value of Milk for Each Handler. For each delivery period the Market Administrator shall compute, subject to the provisions of article VI, the value of milk sold or used by each handler, which was not purchased from other handlers, by (a) multiplying the quantity of such milk in each class by the price applicable pursuant to article IV and (b) adding together the resulting value of each class.



Sec. 2. Computation and Announcement of Uniform Prices. The Market Administrator shall compute and announce the uniform prices per hundredweight of milk delivered during each delivery period as follows:

1. Combine into one total the respective values of milk, computed pursuant to section 1 of this article, for each handler who made the reports prescribed by article V and who made the payments prescribed by article VIII for milk received during the previous delivery period;

2. Subtract the total sum due producers pursuant to paragraph 2 of section 1 of article VIII;

3. Divide by the total quantity of milk which is not in excess of the bases of producers and which is included in these computations;

4. Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk for the purpose of retaining a cash balance in connection with the payments set forth in paragraph 3 of section 1 of article VIII;

5. Add an amount per hundredweight of milk which will prorate any cash balance available pursuant to section 3 of this article; and

6. On or before the 7th day after the end of each delivery period, notify all handlers, and make public announcement of these computations, of the blended price per hundredweight which is the result, and of the Class III price.

Sec. 3. Proration of Cash Balance. For each delivery period the Market Administrator shall prorate, by an appropriate addition pursuant to section 2 of this article, the cash balance, if any, in his hands from payments made by handlers, during the next preceding delivery period, to meet obligations arising out of paragraph 4 of section 1 of article VIII.

Sec. 4. Base Rating. The base of each producer shall be a quantity of milk for each delivery period calculated in the following manner: (a) multiply the applicable figure, if any, effective pursuant to section 5 of this article by the number of days on which such producer delivered milk during such delivery period, and, if total Class I and Class II milk exceeds the total of bases so computed, add thereto in the case of each producer who delivered milk in excess of base the percentage of his excess milk which is the percentage of total excess milk used by all handlers in Class I and Class II milk, of (b) if no figure is effective for any producer, who is not also a handler, take 85 percent of the total milk delivered by him in bulk during such delivery period.

Sec. 5. Determination for Base Rating. For the purpose of calculating, pursuant to section 4 of this article, the bases of producers, including producers who are also handlers, the Market Administrator shall determine a figure with respect to deliveries of milk in bulk to handlers by each producer as follows:

1. Effective from the effective date hereof up to and including June 30, 1936, divide the total milk deliveries in bulk to handlers during

the period of time beginning with November 16, 1935, and ending with February 15, 1936, by the number of days on which deliveries were made and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the average Class I and Class II milk per day sold, during the 4th calendar quarter of the calendar year 1935, by all handlers to whom such milk was delivered;

2. Effective for each calendar quarter subsequent to June 30, 1936, divide the total milk delivered by each producer not in excess of his base during the next preceding calendar quarter by the number of days in such next preceding calendar quarter and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the average Class I and Class II milk per day sold, during the 4th calendar quarter of the next preceding calendar year by all handlers to whom such milk was delivered;

3. At the request of any producer who is also a handler and for whom no figure is effective pursuant to paragraphs 1 and 2 of this section, divide the total milk delivered by such producer in bulk to handlers, during the 3 full delivery periods, immediately preceding the date of such request, by the number of days in such 3 delivery periods. Any figure determined pursuant to this paragraph shall be effective through the full calendar quarter immediately following its determination and thereafter shall be superseded by a figure effective pursuant to paragraph 2 of this section; and

4. In the case of a producer who is also a handler and who sells all or a part of his delivery routes to another handler, the Market Administrator shall determine a figure which is the average daily Class I and Class II milk produced and sold by such producer during the previous 3 months which such producer and such handler jointly report as involved in the deal and which the Market Administrator verifies. Any figure determined pursuant to this paragraph shall be effective from its determination until the end of the full calendar quarter next following and thereafter shall be superseded by a figure effective pursuant to paragraph 2 of this section.

#### ARTICLE VIII -- PAYMENTS FOR MILK

Section 1. Time and Method of Payment. On or before the 10th day after the end of each delivery period, each handler shall make payment, after allowing for the amount of the payment made pursuant to section 2 of this article, for the total value of milk received from producers during such delivery period, computed according to section 1 of article VII, subject to butterfat and country station differentials, set forth in sections 4 and 5, respectively, of this article, as follows:

1. To producers, at the blended price per hundredweight computed pursuant to section 2 or article VII, for that quantity of milk delivered by each producer not in excess of the base of such producer;

2. To producers, at the Class III price, for that quantity of milk delivered by each producer in excess of his base; and



3. To producers, through the Market Administrator, by paying to or receiving from the Market Administrator, as the case may be, the amount by which the sums due producers pursuant to paragraphs 1 and 2 of this section are less than, or exceed, the value of milk computed for such handler pursuant to section 1 of article VIII as shown in a statement rendered by the Market Administrator on or before the 10th day after the end of such delivery period.

Sec. 2. Half-delivery Period Payments. On or before the 25th day of each delivery period each handler shall make payment to each producer for the approximate value of milk received from such producer during the first 15 days of such delivery period.

Sec. 3. Errors in Payments. Errors in making the payments prescribed in this article shall be corrected not later than the date for making payments next following the determination of such errors.

Sec. 4. Butterfat Differential. If any producer has delivered to any handler during any delivery period milk having an average butterfat content other than 3.8 percent, such handler shall pay to each producer, for each one-tenth of one percent of average butterfat content above 3.8 percent, or shall deduct, for each one-tenth of one percent of average butterfat content below 3.8 percent, 4 cents per hundredweight.

Sec. 5. Country Station Differentials. If any producer has delivered milk to any handler's plant located more than 30 miles from the City Hall in Kansas City, such handler may deduct, with respect to that quantity of milk delivered which is represented by such producer's base, up to but not exceeding the amount per hundredweight specified for the distance of such plant from the City Hall in Kansas City as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof an additional 1-1/2 cents per hundredweight.

#### ARTICLE IX -- MARKETING SERVICES

Section 1. Deductions for Marketing Services. Except as set forth in section 2, each handler shall deduct 3 cents per hundredweight from the payments made to each producer pursuant to paragraphs 1 and 2 of section 1 of article VIII with respect to all milk delivered to such handler during each delivery period by such producer and shall pay such deductions to the Market Administrator on or before the 10th day after the end of such delivery period. Such monies shall be expended by the Market Administrator for market information to, and for verification of weights, sampling and testing of milk purchased from said producers.

Sec. 2. Producers' Cooperative Associations. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act," is actually performing, as determined by the Secretary, the services set forth in section 1 of this article, each handler shall make the deductions from the payments to be made pursuant to paragraphs 1 and 2 of section 1 of article VIII which are authorized by such producers and, on or before the 10th

day after the end of each delivery period, pay over such deductions to the associations of which such producers are members.

#### ARTICLE X -- EXPENSE OF ADMINISTRATION

Section 1. Payments by Handlers. As his pro rata share of the expense of the administration hereof, each handler shall, on or before the 10th day after the end of each delivery period, pay to the Market Administrator a sum not exceeding 2 cents per hundredweight with respect to all milk delivered to him during such delivery period by producers or an association of producers or produced by him, the exact amount to be determined by the Market Administrator subject to review by the Secretary; Provided, that each handler, which is a cooperative association of producers, shall pay such pro rata share of expense of administration only on that milk actually received from producers at any plant of such association.

Sec. 2. Suits by Market Administrator. The Market Administrator may maintain a suit in his own name against any handler for the collection of such handler's pro rata share of expense set forth in this article.

#### ARTICLE XI -- EFFECTIVE TIME, SUSPENSION AND TERMINATION

Section 1. Effective Time. The provisions hereof, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated, pursuant to section 2 of this article.

Sec. 2. Suspension and Termination. Any or all provisions hereof or any amendment hereto shall be suspended or terminated as to any or all handlers after such reasonable notice as the Secretary may give, and shall, in any event, terminate whenever the provisions of the act authorizing it cease to be in effect.

Sec. 3. Unless otherwise provided by the Secretary in the notice of amendment, suspension, or termination of any or all provisions hereof, the amendment, suspension, or termination shall not: (a) affect, waive, or terminate any right, duty, obligation, or liability which shall have arisen or may thereafter arise in connection with any provisions hereof; (b) release or waive any violation hereof occurring prior to the effective date of such amendment, suspension, or termination; or (c) affect, or impair, any rights or remedies of the Secretary, or of any other person, with respect to any such violation.

Sec. 4. Continuing Power and Duty. If, upon the suspension or termination of any or all provisions hereof, there are any obligations arising hereunder, the final accrual or ascertainment of which requires further acts by any handler, by the Market Administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination; Provided, that any such acts required to be performed by the Market Administrator, shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.



The Market Administrator, or such other person as the Secretary may designate, (a) shall continue in such capacity until discharged by the Secretary, (b) from time to time account for all receipts and disbursements and deliver all funds or property on hand, together with the books and records of the Market Administrator, or such person, to such person as the Secretary shall direct, and (c) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the Market Administrator or such person pursuant hereto.

Sec. 5. Liquidation after Suspension or Termination. Upon the suspension or termination of any or all provisions hereof, the Market Administrator, or such person as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the Market Administrator's office, and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid and owing at the time of such suspension or termination. Any funds collected pursuant to the provisions hereof over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the Market Administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

#### ARTICLE XII -- LIABILITY

Section 1. Handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

#### ARTICLE XIII -- AMENDMENTS

Section 1. Proposals. Amendment of any or all provisions hereof may at any time be proposed in writing by any handler signatory hereto or by the Secretary.

Sec. 2. Notice of Proposals. Any amendment proposed in writing by any one or more handlers signatory hereto shall be deposited with the Market Administrator who shall give notice of such proposed amendment by publishing the same in a newspaper of general circulation in the Marketing Area and sending a copy of same to all handlers in the Marketing Area.

Sec. 3. Approval. Upon the written approval of three-fourths of the handlers signatory hereto who, during the next preceding delivery period, marketed three-fourths of the milk marketed within the Marketing Area, any proposed amendment of which notice has been given pursuant to section 2 of this article shall become effective at such time as the Secretary may declare with or without public hearing as the Secretary may determine; Provided, that no such amendment shall become effective without public hearing if one-sixth of the handlers signatory hereto who, during the next preceding delivery period, marketed one-sixth of the milk marketed within the Marketing Area by all handlers signatory hereto object in writing to such amendment.

#### ARTICLE .IV --- ANTI-TRUST LAWS

Section 1. Anti-trust Laws. Any exemption from the anti-trust laws and any validation of any acts or things, which otherwise would have been unlawful, resulting from the execution of this Agreement by the Secretary, shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this Agreement.

#### ARTICLE XV -- DURATION OF IMMUNITIES

Section 1. Duration of Immunities. The benefits, privileges, and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done under and during the existence of this Agreement, and benefits, privileges, and immunities conferred by this Agreement upon any parties signatory hereto shall cease upon its termination as to such party, except with respect to acts done under and during the existence of this Agreement.

#### ARTICLE XVI -- AGENTS

Section 1. Agents. The Secretary may, by a designation in writing, name any person (not a party to this Agreement) including any officer or employee of the Government, or name any bureau or division in the Department of Agriculture, to act as his agent or representative in connection with any of the provisions of this Agreement.

#### ARTICLE XVII -- ORDER WITH MARKETING AGREEMENT

Section 1. Request for Order. Each signatory handler hereby requests the Secretary to issue an Order pursuant to the act regulating the handling of milk in the Marketing Area, in the same manner as provided in this Agreement.

#### ARTICLE XVIII -- COUNTERPARTS AND ADDITIONAL PARTIES

Section 1. Counterparts. This Agreement may be executed in multiple counterparts, and when one counterpart is signed by the Secretary, all such counterparts shall constitute, when taken together, one and the same instrument as if all such signatures were obtained in one original.

Sec. 2. Additional Parties. After this Agreement first takes effect, any handler may become a party to this Agreement if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect, as to such handler, at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such handler.



ARTICLE XIX -- SIGNATURES OF PARTIES

IN WITNESS WHEREOF the contracting handlers, acting under the provisions of the Agricultural Adjustment Act, as amended, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

Seal \_\_\_\_\_

By \_\_\_\_\_

Attest \_\_\_\_\_

Date \_\_\_\_\_, 193 \_\_\_\_.

NOW, THEREFORE

Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, as amended, for the purposes and within the limitations therein contained, and not otherwise, does hereby execute this Agreement in duplicate under his hand and the official seal of the Department of Agriculture, in the city of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, 1936, and pursuant to the provisions hereof declares this Agreement to be effective on and after \_\_\_\_\_, eastern standard time, \_\_\_\_\_, 1936.

\_\_\_\_\_  
Secretary of Agriculture.

RECORD OF MILK HANDLED  
DURING THE MONTH OF APRIL 1936

The undersigned certifies that to the best of his knowledge,  
as shown by his books and records, he handled during the month of April  
1936 \_\_\_\_\_ hundredweight of milk covered by this  
Agreement and marketed within the Kansas City, Missouri, Marketing  
Area.

SEAL \_\_\_\_\_

(Signed)

BY \_\_\_\_\_

\_\_\_\_\_, being duly sworn, deposes and says  
that he has read the foregoing statement by him subscribed and knows  
the contents thereof and that the same are true and correct to the best  
of his knowledge and belief.

\_\_\_\_\_  
Notary Public.



AUTHORIZATION TO CORRECT TYPOGRAPHICAL ERRORS  
TO BE EXECUTED BY ALL SIGNERS

We, the undersigned, hereby authorize E. W. Gaumnitz to consent on our behalf to the correction of any typographical errors which the Agricultural Adjustment Administration may consider it advisable to make in the Marketing Agreement Regulating the Handling of Milk in the Kansas City, Missouri, Marketing Area.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Firm name

By \_\_\_\_\_

Name

Title - Seal

(If corporation)

-----  
Corporation only

CERTIFICATE OF RESOLUTION

At a duly convened meeting of the Board of Directors of

\_\_\_\_\_ held at \_\_\_\_\_

\_\_\_\_\_ on the \_\_\_\_\_

day of \_\_\_\_\_,

1936, the following resolution was adopted:

RESOLVED, that \_\_\_\_\_  
shall become a party to the Marketing Agreement Regulating the Handling  
of Milk in the Kansas City, Missouri, Marketing Area, as read and ex-  
plained to the meeting, and it is further RESOLVED, That

\_\_\_\_\_  
(title)

and \_\_\_\_\_

\_\_\_\_\_  
(title)

by, and hereby are authorized and directed to sign, execute, and deliver  
a counterpart of said agreement attached hereto, to the Secretary of Agri-  
culture, together with an authorization naming E. W. Gaumnitz to correct  
typographical errors.

I, \_\_\_\_\_

Secretary of

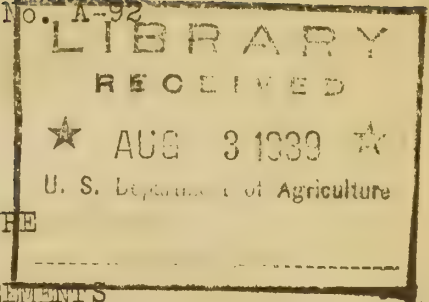
\_\_\_\_\_ do hereby certify that this  
is a true and correct copy of a resolution adopted at the above-named  
meeting, as said resolution appears in the minutes thereof.

\_\_\_\_\_  
Address of firm

SEAL

AND SEAL AT SIGNATURE LINE IN BODY OF CONTRACT

194  
2400  
Docket No. A-92



UNITED STATES DEPARTMENT OF AGRICULTURE

DIVISION OF MARKETING AND MARKETING AGREEMENTS

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TENTATIVELY APPROVED MARKETING AGREEMENT, AS AMENDED,  
REGULATING THE HANDLING OF MILK IN THE KANSAS CITY,  
MISSOURI, MARKETING AREA

---

I hereby certify that this document is a true and correct copy  
of the said marketing agreement, as amended, as tentatively approved  
by the Secretary of Agriculture                      July 26      , 1939.

Hearing Clerk,

U. S. Department of Agriculture.

Dated: July 26      , 1939.

Washington, D. C.



INSTRUCTIONS FOR SIGNING MARKETING AGREEMENTS  
(Please read carefully before signing)

Handlers of milk who wish to enter into the Marketing Agreement, as Amended, Regulating the Handling of Milk in the Kansas City, Missouri, Marketing Area with the Secretary of Agriculture should fill in and sign in accordance with the following instructions:

1. The agreement should be signed in the space provided for the signer's signature and address in Sec. 913.14 just below the section headed "Signature of parties." The type of business organization which you represent, whether corporation, partnership, or individual, should be indicated with your signature. If your business is organized as a corporation you should be sure to impress the corporate seal at the left of your signature.

2. The record of milk handled during the month of February 1939 should be properly certified as indicated on page 14.

3. The authorization to correct typographical errors on page 15 should be signed.

4. If your business is a corporation the board of directors should pass a resolution, in the form attached to the agreement on page 15 authorizing the signing of this agreement.

5. In the case of partnerships and corporations the agreement should be signed by persons authorized to represent the same, such authorization to be indicated.

When the above procedure has been completed the agreement should be returned to M. M. Morehouse, 526 Railway Exchange Building, Kansas City, Missouri.

TENTATIVELY APPROVED  
MARKETING AGREEMENT, AS AMENDED, REGULATING THE  
HANDLING OF MILK IN THE KANSAS CITY, MISSOURI,  
MARKETING AREA

Whereas, under the terms and provisions of Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 (50 Stat. 246), the Secretary of Agriculture of the United States is empowered, after due notice of, and opportunity for, hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in such handling of any agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof; and

Whereas, the Secretary, having reason to believe that the execution of a marketing agreement, as amended, and the issuance of an order, as amended, with respect to the handling of milk in the Kansas City, Missouri, marketing area would tend to effectuate the declared policy of said act, gave, on the 7th day of March 1939, notice of a public hearing to be held at Kansas City, Missouri, which hearing was held on the 16th and 17th days of March 1939 on proposed amended provisions to the tentatively approved marketing agreement, and to order No. 13, said hearing being reopened at Kansas City, Missouri, on the 22d, 23d, and 24th days of May 1939 for the purpose of receiving additional evidence, and at said times and place conducted public hearings at which all interested parties were afforded an opportunity to be heard on the proposed amended provisions to the tentatively approved marketing agreement, and to Order No. 13; and

Whereas, the parties hereto, in order to effectuate the declared policy of the said act, desire to enter into this marketing agreement, as amended,

NOW, THEREFORE, the parties signatory hereto (said parties being the handlers and the Secretary) agree:



Section 913.1 Definitions. (a) Terms. The following terms shall have the following meanings:

(1) The term "Kansas City, Missouri, marketing area," hereinafter called the "marketing area," means the territory within the corporate limits of the city of Kansas City, Missouri.

(2) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(3) The term "producer" means any person who, in conformity with the health regulations of the city of Kansas City, Missouri, under a permit issued by the proper health authorities of said city, produces milk which is received in bulk by a handler. This definition shall be deemed to include any such person who produces milk which a cooperative association or handler causes to be delivered to a plant from which no milk or cream is disposed of in the marketing area.

(4) The term "handler" means any person who, on his own behalf or on behalf of others, purchases or receives milk from producers, associations of producers, or other handlers, all, or a portion, of which milk is disposed of as milk or cream in the marketing area; and who, on his own behalf or on behalf of others, engages in such handling of milk as is in the current of interstate commerce or which directly burdens, obstructs, or affects interstate commerce in milk and its products. This definition shall be deemed to include any cooperative association or handler with respect to the milk of any producer which it causes to be delivered to a plant from which no milk or cream is disposed of in the marketing area, for the account of such cooperative association or handler and for which such cooperative association or handler collects payment.

(5) The term "market administrator" means the person designated pursuant to Sec. 913.2 as the agency for the administration hereof.

(6) The term "delivery period" means the current marketing period from the first to, and including the last day of each month.

(7) The term "base" is the quantity of milk calculated for each producer pursuant to Sec. 913.7(d).

(8) The term "cooperative association" means any cooperative association of producers which the Secretary determines (a) to have its entire activities under the control of its members, and (b) to have and to be exercising full authority in the sale of milk of its members.

(9) The term "act" means Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937.

(10) The term "Secretary" means the Secretary of Agriculture of the United States.

Sec. 913.2 Market administrator. (a) Designation. The agency for the administration hereof shall be a market administrator who shall be a person selected by the Secretary. Such person shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

(b) Powers. The market administrator shall:

(1) Administer the terms and provisions hereof; and

(2) Report to the Secretary complaints of violation of the provisions hereof.

(c) Duties. The market administrator shall:

(1) Within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary.

(2) Pay, out of the funds provided by Sec. 913.10, the cost of his bond, his own compensation, and all other expenses necessarily incurred in the maintenance and functioning of his office.

(3) Keep such books and records as will clearly reflect the transactions provided for herein, and surrender the same to his successor or to such other person as the Secretary may designate.

(4) Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, within 10 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to Sec. 913.5 or (b) made payments pursuant to Sec. 913.8.

(5) Promptly verify the information contained in the reports submitted by handlers.

Sec. 913.3 Classification of milk. (a) Basis of classification. Milk of a producer which a handler causes to be delivered to a plant from which no milk or cream is disposed of in the marketing area and milk received by each handler, including milk produced by him, if any, shall be classified by the market administrator in the classes set forth in paragraph (b) of this section.

(b) Classes of utilization. The classes of utilization of milk shall be as follows:



(1) Class I milk shall be all milk disposed of in the form of milk containing more than 1 percent of butterfat.

(2) Class II milk shall be all milk, except skim milk, used to produce cream which is disposed of in the form of cream, flavored milk, creamed cottage cheese, creamed buttermilk, aerated cream, and eggnog.

(3) Class III milk shall be all milk not accounted for as Class I milk or Class II milk.

(c) Interhandler and nonhandler sales. Milk of a producer disposed of by a handler to another handler, and milk disposed of by a handler to a person who is not a handler but who distributes milk or manufactures milk products, shall be classified, subject to paragraph (d) of this section, as Class I milk: Provided, That if the selling handler, on or before the 5th day after the end of the delivery period, furnishes to the market administrator a statement, which is signed by the buyer and seller, that such milk was disposed of as Class II milk or Class III milk, such milk shall be classified accordingly, subject to verification by the market administrator.

(d) Sales of a cooperative association to any other handler. Milk caused to be delivered from a producer to a handler by a cooperative association which is a handler shall be ratably apportioned among the receiving handler's total Class I, Class II, and Class III milk.

Sec. 913.4 Minimum prices. (a) Class prices. Except as set forth in paragraph (b) of this section, each handler shall pay, at the time and in the manner set forth in Sec. 913.8, not less than the following prices for milk received at such handler's plant or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area.

Class I milk - \$2.20 per hundredweight: Provided, That with respect to Class I milk disposed of under a program approved by the Secretary for the sale or disposition of milk to low-income consumers, including persons on relief, the price shall be not less than \$1.95 per hundredweight.

Class II milk - \$2.05 per hundredweight.

Class III milk - The price per hundredweight which shall be calculated by the market administrator as follows: Multiply by 3.8 the average price per pound of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk was received, and add 25 cents.

(b) Sales outside the marketing area. The prices to be paid by handlers for Class I milk and Class II milk disposed of during the delivery period in the territory lying within a radius of 5 miles of the corporate limits of Kansas City, Missouri, excepting that territory lying within the corporate limits of Kansas City, Kansas, shall be the

prices for Class I milk and Class II milk set forth in paragraph (a) of this section. The prices to be paid by handlers for Class I milk and Class II milk disposed of during the delivery period in territory lying beyond 5 miles of the corporate limit of Kansas City, Missouri, and in territory lying within the corporate limits of Kansas City, Kansas, in lieu of the prices otherwise applicable pursuant to paragraph (a) of this section, shall be, as ascertained by the market administrator, such prices as were paid to farmers in the market where such milk was disposed of, for milk of equivalent use.

Sec. 913.5 Reports of handlers. (a) Periodic reports. On or before the 5th day after the end of each delivery period each handler, with respect to milk or cream which was, during such delivery period, (a) received from producers, (b) received from handlers, (c) produced by such handler, and (d) received from any other source, shall report to the market administrator, in the detail and form prescribed by the market administrator, as follows:

(1) The receipts at each plant from producers who are not handlers, the quantity of milk received from producers in excess of their respective bases and the average butterfat test thereof.

(2) The receipts at each plant from any other handler, including any handler who is also a producer;

(3) The quantity, if any, produced by such handler;

(4) The receipts at each plant from any other source; and

(5) The respective quantities of milk disposed of in the classes set forth in Sec. 913.3.

(b) Reports as to producers. Each handler shall report to the market administrator as follows:

(1) Within 10 days after the market administrator's request, with respect to any producer for whom such information is not in the files of the market administrator, and with respect to a period or periods of time designated by the market administrator (a) the name and address, (b) the total pounds of milk received, (c) the average butterfat test of milk received, and (d) the number of days upon which milk was received; and

(2) As soon as possible after first receiving milk from any producer (a) the name and address of such producer, (b) the date upon which such milk was first received, and (c) the plant at which the milk of such producer was received.

(c) Reports of payments to producers. Upon the request of the market administrator each handler shall submit on or before the 20th day after the end of each delivery period his producer pay roll for such delivery period, which shall show for each producer the net amount of



such producer's payment with the prices, deductions, and charges involved.

(d) Verification of reports. Each handler shall make available to the market administrator or his agent (a) those records which are necessary for the verification of the information contained in the reports submitted in accordance with this section, and (b) those facilities which are necessary for the sampling, weighing, and testing of the milk of each producer.

Sec. 913.6 Application of provisions. (a) With respect to each handler who is also a producer:

(1) The market administrator, before making the computations in accordance with Sec. 913.7, shall (a) exclude the milk purchased or received by him in each class from other handlers, (b) exclude from his remaining Class I milk and Class II milk up to but not exceeding 95 percent of the quantity of milk produced and disposed of by him, and (c) exclude from his remaining Class III milk the balance of the milk produced and disposed of by him.

(2) The market administrator, in computing the value of milk for any handler pursuant to Sec. 913.7, shall consider as Class III milk any milk or cream received in bulk by such handler from a handler who distributes part of his own production but for whom no base has been computed pursuant to Sec. 913.7(d). If the receiving handler disposes of such milk or cream for other than Class III purposes, the market administrator shall add to the total value computed pursuant to Sec. 913.7 the difference between (a) the value of such milk or cream at the Class III price and (b) the value according to its actual usage.

(b) With respect to any handler who, during the delivery period, disposed of no milk as Class III milk and received from producers milk having an average butterfat content higher than that disposed of as Class I milk or as (3.8 percent milk equivalent of) Class II milk by such handler:

(1) The market administrator shall (a) determine the hundredweight of milk received from producers; (b) determine the hundredweight of milk disposed of as Class I milk and as (3.8 percent milk equivalent of) Class II milk; (c) if the hundredweight of milk determined in (b) of this subparagraph, exceeds the hundredweight of milk determined in (a) of this subparagraph, multiply such difference in the hundredweight of milk by the difference between the Class II price and an amount obtained by multiplying by 38 the butterfat differential as provided in Sec. 913.8(c) and add such amount to the sum obtained for such handler pursuant to Sec. 913.7(a).

Sec. 913.7 Determination of uniform prices to producers. (a) Computation of value of milk for each handler. For each delivery period the market administrator shall compute, subject to the provisions of Sec. 913.6, the value of milk of producers disposed of by each handler

by (a) multiplying the quantity of such milk in each class by the price applicable pursuant to Sec. 913.4, and (b) adding together the resulting values of each class: Provided, That if any handler has received milk from any producer at a plant approved by the health authorities of Kansas City, Missouri, for the receiving of milk to be disposed of as milk in the marketing area, and located more than 30 miles from the City Hall in Kansas City, Missouri, the market administrator shall deduct, with respect to the hundredweight of fluid milk, fluid cream, and ice cream mix actually moved from such plant to the marketing area, up to but not exceeding the amount per hundredweight specified for the distance of such plant from the City Hall in Kansas City, Missouri, as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles, or part thereof, an additional 1 1/2 cents per hundredweight.

(b) Computation and announcement of the uniform prices. For each delivery period, the market administrator shall compute and announce the uniform price per hundredweight of milk as follows:

(1) Combine into one total the respective values of milk, computed pursuant to paragraphs (a) and (b) of this section, for each handler who made the reports prescribed by Sec. 913.5 and who made the payments prescribed by Sec. 913.8;

(2) Add the amount of the adjustments to be made pursuant to Sec. 913.8(d);

(3) Subtract the total amount to be paid pursuant to Sec. 913.8 (a)(2);

(4) Add the amount of cash balance in the producer-settlement fund less the amount due handlers pursuant to Sec. 913.8(i);

(5) Divide by the total quantity of milk which is not in excess of the bases of producers and which is included in these computations;

(6) Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk for the purpose of retaining in the producer-settlement fund a cash balance to provide against errors in reports and payments, or delinquencies in payments by handlers. This result shall be known as the uniform price for such delivery period for base milk of producers containing 3.8 percent butterfat; and

(7) On or before the 8th day after the end of each delivery period notify all handlers and make public announcement of these computations, of the uniform price per hundredweight of base milk, of the Class III price, and of the butterfat differential computed pursuant to Sec. 913.8(c).

(c) Base rating. For each delivery period the base of each producer shall be a quantity of milk calculated in the following manner:

(a) multiply the applicable figure, effective pursuant to paragraph (d)



of this section by the number of days on which milk was received from such producers during such delivery period or (b) if no figure is effective for any producer, who is not also a handler, take the percent of the total milk received from him in bulk during such delivery period which is obtained by dividing total Class I milk and Class II milk by the total milk delivered: Provided, That (c) if the total Class I milk and Class II milk of all handlers exceeds the total of base so computed, add thereto, in the case of each producer for whom a figure is effective pursuant to paragraph (d) of this section and from whom milk was received in excess of base, the percentage of his excess milk which is the percentage of the total of such excess milk used by all handlers as Class I milk and as Class II milk.

(d) Determination for base rating. For the purpose of calculating, pursuant to paragraph (c) of this section, the bases of producers, including producers who are also handlers, the market administrator shall determine a figure with respect to deliveries of milk in bulk to handlers by each producer as follows:

(1) Effective up to and including June 30, 1936, divide the total deliveries of milk in bulk to handlers during the period of time beginning with November 16, 1935, and ending with February 15, 1936, by the number of days on which deliveries were made and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the daily average Class I milk and Class II milk disposed of during the 4th calendar quarter of the calendar year 1935, by all handlers who received such milk;

(2) Effective for each calendar quarter subsequent to June 30, 1936, divide the total milk received from each producer not in excess of his base for the next preceding calendar quarter by the number of days on which milk was received from such producer and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the total daily average Class I milk and Class II milk disposed of during the 4th calendar quarter of the next preceding calendar year by all handlers who received such milk;

(3) At the request of any producer who distributes the milk he produces and for whom no figure is effective pursuant to subparagraphs (1) and (2) of this paragraph, divide the total milk received in bulk from such producer by handlers during the three full delivery periods immediately preceding the date of such request by the number of days in such three delivery periods. Any figure determined pursuant to this subparagraph shall be effective through the full calendar quarter immediately following its determination and thereafter shall be superseded by a figure determined pursuant to subparagraph (2) of this paragraph; and

(4) In the case of a producer who distributes the milk he produces and who disposes of all or a part of his delivery routes to a handler, the market administrator shall determine a figure which is the average

daily Class I milk and Class II milk produced and disposed of during the previous 3 months on such delivery routes of such producer which such producer and such handler jointly report as involved in the deal, subject to verification by the market administrator. Any figure determined pursuant to this subparagraph shall be effective from its determination until the end of the full calendar quarter next following and thereafter shall be superseded by a figure determined pursuant to subparagraph (2) of this paragraph.

Sec. 913.8 Payments for milk. (a) Time and method of payment. On or before the 15th day after the end of each delivery period, each handler shall make payment, after deducting the amount of the payment made pursuant to paragraph (b) of this section, for not less than the total value of milk of producers received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during such delivery period, computed according to Sec. 913.7 and subject to the differentials set forth in paragraphs (c) and (d), respectively, of this section, as follows:

(1) To producers, at the uniform price per hundredweight computed pursuant to Sec. 913.7(b), for that quantity of milk received from producers not in excess of their respective bases; and

(2) To producers, at the Class III price, for that quantity of milk received from producers in excess of their respective bases.

(b) Half-delivery period payments. On or before the 25th day of each delivery period each handler shall make payment to each producer for the approximate value of the milk of such producer which, during the first 15 days of such delivery period, was received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period.

(c) Butterfat differential. If any handler has received or caused to be delivered to a plant from which no milk or cream is disposed of in the marketing area, during the delivery period, the milk of any producer having an average butterfat content other than 3.8 percent, such handler, in making payments pursuant to paragraph (a) of this section, shall add to the prices per hundredweight for such producer for each one-tenth of 1 percent of average butterfat content in milk above 3.8 percent not less than, or shall deduct from such prices for such producer for each one-tenth of 1 percent of average butterfat content in milk below 3.8 percent not more than, an amount computed as follows: add 4 cents to the average price of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk was received, and divide the resulting sum by 10.

(d) Location differentials. In making payments pursuant to paragraph (a)(1) and (a)(2) of this section for milk received from producers at plants approved by the health authorities of Kansas City,



Missouri, for the receiving of milk to be disposed of as milk in the marketing area, and located more than 30 miles from the City Hall in Kansas City, Missouri, each handler shall deduct, with respect to all milk received from such producers, the amount per hundredweight specified for the distance of such plant from the City Hall in Kansas City, Missouri, as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof an additional 1 1/2 cents per hundredweight.

(e) Additional payments. Any handler may make payment to producers in addition to the payments to be made pursuant to paragraph (a) of this section: Provided, That such additional payments shall be uniform as among all producers for milk of the same grade and quality.

(f) Producer-settlement fund. The market administrator shall establish and maintain a separate fund, known as "the producer-settlement fund," into which he shall deposit all payments made by handlers pursuant to paragraphs (g) and (i) of this section and out of which he shall make all payments to handlers pursuant to paragraphs (h) and (i) of this section.

(g) Payments to the producer-settlement fund. On or before the 10th day after the end of each delivery period, each handler shall pay to the market administrator, for payment to producers through the producer-settlement fund, the amount by which the total utilization value of the milk of producers received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period is greater than the sum obtained by multiplying the hundredweight of such milk by the appropriate prices required to be paid producers by handlers pursuant to subparagraphs (1) and (2) of paragraph (a) of this section, and adding together the resulting amounts.

(h) Payments out of producer-settlement fund. On or before the 15th day after the end of each delivery period, the market administrator shall pay to each handler, for payment to producers, the amount, if any, by which the total utilization value of milk of producers received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period is less than the sum obtained by multiplying the hundredweight of such milk of producers by the appropriate prices required to be paid producers by handlers pursuant to subparagraphs (1) and (2) of paragraph (a) of this section, and adding together the resulting amounts. If at such time the balance in the producer-settlement fund is insufficient to make all payments pursuant to this paragraph, the market administrator shall reduce uniformly such payments and shall complete such payments as soon as the necessary funds are available. No handler who, on the 15th day after the end of each delivery period, has not received the balance of such reduced payment from the market administrator, shall be deemed to be in violation of paragraph (a) of this section if he reduces his payments to producers by not more than the amount of the reduction in payment from the producer-settlement fund. Nothing in this paragraph shall abrogate the right of a cooperative association to make

payment to its member producers in accordance with the payment plan of such cooperative association.

(i) Adjustment of errors in payments. Whenever verification by the market administrator of reports or payments of any handler discloses errors made in payments to the producer-settlement fund pursuant to paragraph (g) of this section, the market administrator shall promptly bill such handler for any unpaid amount and such handler shall, within 5 days, make payment to the market administrator of the amount so billed. Whenever verification discloses that payment is due from the market administrator to any handler pursuant to paragraph (h) of this section, the market administrator shall, within 5 days, make such payment to such handler. Whenever verification by the market administrator of the payment by a handler to any producer discloses payment to such producer of less than is required by this section, the handler shall make up such payment to the producer not later than the time of making payment to producers next following such disclosure.

Sec. 913.9 Marketing services. (a) Deductions for marketing services. Except as set forth in paragraph (b) of this section, each handler shall deduct 3 cents per hundredweight from the payments made to each producer pursuant to Sec. 913.8(a) (1) and (2), with respect to all milk of such producer received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period, and shall pay such deductions to the market administrator on or before the 10th day after the end of such delivery period. Such moneys shall be expended by the market administrator for market information to, and for the verification of weights, sampling, and testing of milk received from, said producers.

(b) Producers' cooperative associations. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act," is actually performing the services set forth in paragraph (a) of this section, each handler shall make the deductions from the payments to be made pursuant to Sec. 913.8(a) (1) and (2), which are authorized by such producers, and, on or before the 10th day after the end of each delivery period, pay over such deductions to the associations of which such producers are members.

Sec. 913.10 Expense of administration. (a) Payments by handlers. As his pro rata share of the expense of the administration hereof, each handler who received milk from producers, with respect to all milk received from producers, produced by such handler, and caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area, during the delivery period, shall pay to the market administrator, on or before the 10th day after the end of such delivery period, an amount not exceeding 2 cents per hundredweight, which amount shall be determined by the market administrator, subject to review by the Secretary. As its pro rata share of the expense of ad-



ministration hereof a cooperative association which is a handler shall pay to the market administrator, on or before the 10th day after the end of the delivery period, with respect to the milk of any producer which it causes to be delivered to a plant from which no milk or cream is disposed of in the marketing area, an amount per hundredweight equivalent to that required to be paid by other handlers pursuant to this paragraph.

(b) Suits by the market administrator. The market administrator may maintain a suit in his own name against any handler for the collection of such handler's pro rata share of expenses set forth in this section.

Sec. 913.11 Effective time, suspension, or termination of marketing agreement, as amended. (a) Effective time. The provisions hereof, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated pursuant to paragraph (b) of this section.

(b) Suspension or termination of marketing agreement, as amended. The Secretary may suspend or terminate this agreement, as amended, or any provision hereof, whenever he finds that this agreement, as amended, or any provision hereof, obstructs, or does not tend to effectuate the declared policy of the act. This agreement, as amended, shall terminate, in any event, whenever the provisions of the act authorizing it cease to be in effect.

(c) Continuing power and duty of the market administrator. If, upon the suspension or termination of any or all provisions hereof, there are any obligations arising hereunder the final accrual or ascertainment of which requires further acts by any handler, by the market administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination: Provided, That any such acts required to be performed by the market administrator shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

(1) The market administrator, or such other person as the Secretary may designate, shall (a) continue in such capacity until removed by the Secretary, (b) from time to time account for all receipts and disbursements, and, when so directed by the Secretary, deliver all funds or property on hand together with the books and records of the market administrator, or such person, to such person as the Secretary may direct, and (c) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the market administrator or such person pursuant thereto.

(d) Liquidation after suspension or termination. Upon the suspension or termination of any or all provisions hereof, the market administrator, or such person as the Secretary may designate, shall liquidate, if so directed by the Secretary, the business of the market administrator's office and dispose of all funds and property then in his possession or

under his control, together with claims for any funds which are unpaid or owing at the time of such suspension or termination. Any funds collected pursuant to the provisions hereof, over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the market administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

Sec. 913.12 Liability. (a) Liability of handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

Sec. 913.13 Counterparts and additional parties. (a) Counterparts of marketing agreement, as amended. This agreement, as amended, may be executed in multiple counterparts and when one counterpart is signed by the Secretary all such counterparts shall constitute, when taken together, one and the same instrument, as if all such signatures were obtained in one original.

(b) Additional parties to marketing agreement, as amended. After this agreement, as amended, first takes effect any handler may become a party to this agreement, as amended, if a counterpart hereof is executed by him and delivered to the Secretary. This agreement, as amended, shall take effect as to such new contracting party at the time such counterpart is delivered to the Secretary, and the benefits, privileges, and immunities conferred by this agreement, as amended, shall then be effective as to such new contracting party.

Sec. 913.14 Signature of parties.

IN WITNESS WHEREOF, the contracting handlers, acting under the provisions of the act, for the purposes and subject to the limitations herein contained and not otherwise, have hereunto set their respective hands and seals.

\_\_\_\_\_  
Signature

By \_\_\_\_\_

Name

Title

Address \_\_\_\_\_

Attest \_\_\_\_\_

\_\_\_\_\_  
Date



RECORD OF MILK HANDLED  
DURING THE MONTH OF FEBRUARY 1939

The undersigned certifies that to the best of his knowledge,  
as shown by his books and records, he handled during the month of  
February 1939 \_\_\_\_\_ hundredweight of milk covered by this  
agreement, as amended, and marketed within the Kansas City, Missouri,  
Marketing area.

SEAL \_\_\_\_\_

(Signed)

By \_\_\_\_\_

\_\_\_\_\_, being duly sworn, deposes and says  
that he has read the foregoing statement by him subscribed and known  
the contents thereof and that the same are true and correct to the best  
of his knowledge and belief.

\_\_\_\_\_  
Notary Public

AUTHORIZATION TO CORRECT TYPOGRAPHICAL  
ERRORS TO BE EXECUTED BY ALL SIGNERS

We, the undersigned, hereby authorize O. M. Reed to consent on our behalf to the correction of any typographical errors which may have been made in the marketing agreement, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area.

_____	_____
Date	Firm name
_____	
_____	_____
Name	Title -Seal
(If corporation)	

Corporation only  
CERTIFICATE OF RESOLUTION

At a duly convened meeting of the board of directors of

\_\_\_\_\_ held at \_\_\_\_\_  
\_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 1939

the following resolution was adopted:

RESOLVED, that \_\_\_\_\_  
shall become a party to the marketing agreement, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area, as read and explained to the meeting, and it is further

RESOLVED, that \_\_\_\_\_ (title)

and \_\_\_\_\_ (title)  
be, and hereby are authorized and directed to sign, execute, and deliver a counterpart of said agreement, as amended, attached hereto, to the Secretary of Agriculture, together with an authorization naming O. M. Reed to correct typographical errors.

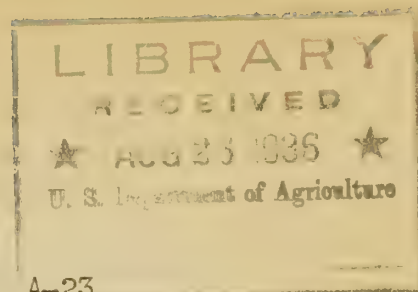
I, \_\_\_\_\_, Secretary of \_\_\_\_\_,  
do hereby certify that this is a true and correct copy of a resolution adopted at the above-named meeting, as said resolution appears in the minutes thereof.

\_\_\_\_\_  
Address of firm SEAL

AND SEAL AT SIGNATURE LINE (Sec. 913.14) IN BODY OF AGREEMENT







Docket No. A-23

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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TENTATIVELY APPROVED MARKETING AGREEMENT  
REGULATING THE HANDLING OF MILK IN THE  
KANSAS CITY, MISSOURI, MARKETING AREA

---

I hereby certify that this document is a true and correct  
copy of the said Marketing Agreement as tentatively approved by  
the Secretary of Agriculture, August 17, 1936.

Hearing Clerk,

U. S. Department of Agriculture

Dated: August 17, 1936.

Washington, D. C.



## INSTRUCTIONS FOR SIGNING MARKETING AGREEMENT

(Please read carefully before signing)

Handlers of milk who wish to enter into the Marketing Agreement Regulating the Handling of Milk in the Kansas City, Missouri, Marketing Area with the Secretary of Agriculture should fill in and sign in accordance with the following instructions:

1. The agreement should be signed in the space provided for the signer's signature and address on page 13 just below article XIX headed "Signatures of Parties." The type of business organization which you represent, whether corporation, partnership, or individual, should be indicated with your signature. If your business is organized as a corporation you should be sure to impress the corporate seal at the left of your signature.

2. The record of milk handled during the month of June 1936 should be properly certified as indicated on page 14.

3. The authorization to correct typographical errors on page 15, should be signed.

4. If your business is a corporation the board of directors should pass a resolution, in the form attached to the agreement on page 15, authorizing the signing of this agreement.

5. In case of partnership and corporations the agreement should be signed by persons authorized to represent the same, such authorization to be indicated.

When the above procedure has been completed, the agreement should be returned to the Hearing Clerk Room 4725 South Building, United States Department of Agriculture, Washington, D. C.

MARKETING AGREEMENT REGULATING  
THE HANDLING OF MILK IN THE  
KANSAS CITY, MISSOURI, MARKETING AREA

WHEREAS, by section 8b of Title I of the Agricultural Adjustment Act, approved May 12, 1933, as amended, hereinafter called the Act, the Secretary of Agriculture of the United States, hereinafter called the Secretary, is empowered, after due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in such handling of any agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof;

WHEREAS, the Secretary, having reason to believe that the execution of a marketing agreement would tend to effectuate the declared policy of Title I of the Act with respect to the producers of milk for the Kansas City, Missouri, Marketing Area, on the 18th day of April 1936 gave notice of a hearing to be held at Kansas City, Missouri, on the 16th day of May 1936 on a proposed marketing agreement; on the 22nd day of July 1936 gave notice of the reopening of such hearing in Kansas City, Missouri, on the 27th day of July 1936, and at the said times and places conducted public hearings at which all interested parties were afforded an opportunity to be heard on the said proposed marketing agreement;

WHEREAS, the Secretary, on the 13th day of June 1936 tentatively approved a marketing agreement regulating the handling of milk in the Kansas City, Missouri, Marketing Area and said tentative approval is hereby revoked;

WHEREAS, on the 13th day of June, 1936 the Secretary found and proclaimed that the purchasing power of milk handled in the Kansas City, Missouri, Marketing Area could not be satisfactorily determined from available statistics of the United States Department of Agriculture for the period August 1909 - July 1914, but that the purchasing power of said milk could be satisfactorily determined from the available statistics of the United States Department of Agriculture for the period August 1919 - July 1929, and on the same date found and proclaimed the period August 1919 - July 1929 to be the base period to be used in connection with the execution of this Marketing Agreement; and

WHEREAS, the Secretary finds, upon the evidence introduced at the said hearings:

1. That the total volume of milk the handling of which in the Kansas City, Missouri, Marketing Area is covered by this Marketing Agreement is in the current of interstate commerce, or directly burdens, obstructs or affects interstate commerce;

2. That, at the time of said hearings and for a protracted period prior thereto, there was a severe disparity between the prices paid farmers for milk and prices of commodities bought by farmers; and



3. That the execution of this Marketing Agreement and all its terms and provisions will tend to reestablish prices to farmers for milk handled in the said marketing area at a level that will give said milk a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of said milk in the base period, will gradually correct the current level of prices at as rapid a rate as is in the public interest, and will not maintain prices for said milk to farmers above the level which will give said milk a purchasing power, greater than the purchasing power of said milk during the base period.

WHEREAS, the parties hereto, in order to effectuate the declared policy of the Act, desire to enter into a marketing agreement under the provisions of Title I, section 8b, of the Act.

NOW, THEREFORE, the parties hereto agree as follows:

#### ARTICLE I -- DEFINITIONS

Section 1. Terms. The following terms shall have the following meanings:

1. "Kansas City, Missouri, Marketing Area," hereinafter called the Marketing Area, means the territory within the corporate limits of Kansas City, Missouri.
2. "Person" means any individual, partnership, corporation, association, and any other business unit.
3. "Producer" means any person, irrespective of whether any such person is also a handler, who produces milk in conformity with the health requirements applicable for milk to be sold for consumption as milk in the Marketing Area.
4. "Handlers" means any person, irrespective of whether such person is a producer or an association of producers, wherever located or operating, who engages in such handling of milk, which is sold as milk or cream in the Marketing Area, as is in the current of interstate or foreign commerce or which directly burdens, obstructs, or affects interstate or foreign commerce in milk and its products.
5. "Market Administrator" means the person designated pursuant to article II as the agency for the administration hereof.
6. "Delivery period" means the current marketing period from the 1st to, and including, the last day of each month.
7. "Base" means the quantity of milk calculated for each producer pursuant to section 4 of article VII.

#### ARTICLE II -- MARKETING ADMINISTRATOR

Section 1. Selection, Removal, and Bond. The Market Administrator shall be selected by the Secretary and shall be subject to removal by him

at any time. The Market Administrator shall, within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary.

Sec. 2. Compensation. The Market Administrator shall be entitled to such reasonable compensation as may be determined by the Secretary.

Sec. 3. Powers. The Market Administrator shall have power:

1. To administer the terms and provisions hereof; and
2. To receive, investigate, and report to the Secretary complaints of violations of the terms and provisions hereof.

Sec. 4. Duties. The Market Administrator, in addition to the duties hereinafter described, shall:

1. Keep such books and records as will clearly reflect the transactions provided for herein;
2. Submit his books and records to examination by the Secretary at any and all times;
3. Furnish such information and such verified reports as the Secretary may request;
4. Obtain a bond with reasonable security thereon covering each employee who handles funds entrusted to the Market Administrator;
5. Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions hereof;
6. Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who within 15 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to article V or (b) made payments pursuant to article VIII; and
7. Pay, out of the funds provided by article X, (a) the cost of his bond and of the bonds of such of his employees as handle funds entrusted to the Market Administrator, (b) his own compensation, and (c) all other expenses which will necessarily be incurred by him for the maintenance and functioning of his office and the performance of his duties.

Sec. 5. Responsibility. The Market Administrator, in his capacity as such, shall not be held responsible in any way whatsoever to any handler or any other person for errors in judgment, for mistakes, or for other acts either of commission or omission, except for his own willful misfeasance, malfeasance, or dishonesty.



### ARTICLE III -- CLASSIFICATION OF MILK

Section 1. Sales and Use Classification. Milk purchased or handled by handlers shall be classified as follows:

1. All milk sold or distributed as milk shall be Class I milk;
2. All milk used to produce cream (for consumption as cream), flavored milk, creamed cottage cheese, and creamed buttermilk shall be Class II milk; provided, that the milk from which only the skimmed milk is used in the production of the above products shall not be included as Class II milk; and
3. All milk purchased, sold, or used in excess of Class I and Class II milk shall be Class III milk.

Sec. 2. Inter-handler Sales. Milk sold by a handler to another handler shall be presumed to be Class I milk. In the event that such selling handler, on or before the date fixed for filing reports pursuant to article V, notifies the Market Administrator that such milk has been sold or disposed of by the purchasing handler other than as milk, then, and in that event, such milk shall be classified in accordance with such notification; provided, that if such selling handler does not, on or before the 9th day after the end of the delivery period during which such sale was made furnish proof satisfactory to the Market Administrator in support of such notification, such milk shall then be classified as Class I milk and so included in the statement rendered to the selling handler pursuant to paragraph 3 of section 1 or article VIII.

Sec. 3. Sales to Non-handlers. Milk sold by a handler to a person who is not a handler and who distributes milk or manufactures milk products shall be presumed to be Class I milk. In the event that such selling handler, on or before the date fixed for filing reports pursuant to section 1 of article V, notifies the Market Administrator that such milk has been sold or disposed of by such purchaser other than as milk, such milk shall be classified according to such notification; provided, that if such selling handler does not, on or before the 9th day after the end of the delivery period during which such sale was made, furnish proof satisfactory to the Market Administrator in support of the above notification, such milk or part thereof shall then be classified as Class I milk and so included in the statement rendered to the selling handler pursuant to paragraph 3 of section 1 of article VIII.

### ARTICLE IV -- MINIMUM PRICES

Section 1. Class I Price. Each handler shall pay producers, at the time and in the manner set forth in article VIII, for Class I milk not less than \$2.40 per hundredweight at the plant of such handler.

Sec. 2. Class II Price. Each handler shall pay producers, at the time and in the manner set forth in article VIII for Class II milk not less than \$2.05 per hundredweight at the plant of such handler.

Sec. 3. Class III Price. Each handler shall pay producers, at the time and in the manner set forth in article VIII, for Class III milk at the plant of such handler, not less than the price per hundredweight which shall be calculated by the Market Administrator as follows: multiply by 3.8 the average price per pound of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased, and add 25 cents.

Sec. 4. Sales Outside the Marketing Area. The price to be paid to producers by a handler for Class I milk sold outside the Marketing Area, in lieu of the price otherwise applicable pursuant to this article, shall be such price as the Market Administrator ascertains is being paid by processors, in the market where such milk is sold, for milk of equivalent use, subject to a reasonable adjustment on account of transportation from the plant where such milk is received from producers to the plant where such milk is loaded on wholesale and retail routes.

#### ARTICLE V -- REPORTS OF HANDLERS

Section 1. Periodic Reports. On or before the 5th day after the end of each delivery period each handler shall, with respect to milk or cream which was, during such delivery period, (a) received from producers, (b) received from handlers, and (c) produced by such handler, report to the Market Administrator, in the detail and form prescribed by him, as follows:

1. The receipts at each plant from producers who are not handlers and the quantity of such receipts which represents the total of all milk delivered by producers in excess of their respective bases;

2. The receipts at each plant from any other handler, including any handler who is also a producer;

3. The quantity, if any, produced by such handler; and

4. The respective quantities of milk which were sold, distributed, or used, including sales to other handlers, for the purpose of classification pursuant to article III.

Sec. 2. Reports as to Producers. Each handler shall report to the Market Administrator:

1. Within 10 days after the Market Administrator's request, with respect to any producer for whom such information is not in the files of the Market Administrator, and with respect to a period or periods of time designated by the Market Administrator, (a) the name and address, (b) the total pounds of milk delivered, (c) the average butterfat test of milk delivered, and (d) the number of days upon which deliveries were made; and

2. As soon as possible after first receiving milk from any producer, (a) the name and address of such producer, (b) the date upon which such milk was first received, and (c) the plant at which such producer delivered milk.



Sec. 3. Reports of Payments to Producers. Each handler shall submit to the Market Administrator on or before the 15th day after the end of each delivery period his producer payroll for such delivery period which shall show for each producer (a) the net amount of such producer's payment with the prices, deductions, and charges involved, (b) the total delivery of milk with the average butterfat test thereof, and (c) the portion of such delivery which was in excess of the base of such producer.

Sec. 4. Verification of Reports. In order that the Market Administrator may submit verified reports to the Secretary pursuant to paragraph 3 of section 4 of article II, each handler shall permit the Market Administrator or his agent, during the usual hours of business, to (a) verify the information contained in reports submitted in accordance with this article, and (b) weigh milk delivered by each producer and sample and test milk for butterfat.

#### ARTICLE VI -- HANDLERS WHO ARE ALSO PRODUCERS

Section 1. Reports. Any handler, who is also a producer, shall make the report required by section 1 of article VI, only for any delivery period during which such handler purchases milk from producers.

Section 2. Milk Purchased from Producers. In the case of a handler who is also a producer and who has purchased milk from producers, the Market Administrator shall, before making the computations set forth in article VII, (a) exclude the milk purchased by him in each class from other handlers, (b) exclude from his remaining Class I and Class II milk up to but not exceeding 95 percent of the quantity of milk produced and sold by him, and (c) exclude from his remaining Class III milk the balance of the milk produced and sold by him.

Sec. 3. Milk Sold to Other Handlers. Milk sold in bulk by a handler who is also a producer to another handler and sold or used as Class I or Class II milk by the purchasing handler, shall, in making the computation required by section 1 of article VII for such purchasing handler, be multiplied by the difference between the Class III price and the Class I and Class II price, as the case may be, and the resultant amount shall be added to the total value of milk otherwise computed.

#### ARTICLE VII -- DETERMINATION OF UNIFORM PRICES TO PRODUCERS

Section 1. Computation of Value of Milk for Each Handler. For each delivery period the Market Administrator shall compute, subject to the provisions of article VI, the value of milk sold or used by each handler, which was not purchased from other handlers, by (a) multiplying the quantity of such milk in each class by the price applicable pursuant to article IV and (b) adding together the resulting value of each class.

Sec. 2. Computation and Announcement of Uniform Prices. The Market Administrator shall compute and announce the uniform prices per hundredweight of milk delivered during each delivery period as follows:

1. Combine into one total the respective values of milk, computed pursuant to section 1 of this article, for each handler who made the reports prescribed by article V and who made the payments prescribed by article VIII for milk received during the previous delivery period;

2. Subtract the total sum due producers pursuant to paragraph 2 of section 1 of article VIII;

3. Divide by the total quantity of milk which is not in excess of the bases of producers and which is included in these computations;

4. Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk for the purpose of retaining a cash balance in connection with the payments set forth in paragraph 3 of section 1 of article VIII;

5. Add an amount per hundredweight of milk which will prorate any cash balance available pursuant to section 3 of this article; and

6. On or before the 7th day after the end of each delivery period, notify all handlers, and make public announcement of these computations, of the blended price per hundredweight which is the result, and of the Class III price.

Sec. 3. Proration of Cash Balance. For each delivery period the Market Administrator shall prorate, by an appropriate addition pursuant to section 2 of this article, the cash balance, if any, in his hands from payments made by handlers, during the next preceding delivery period, to meet obligations arising out of paragraph 4 of section 1 of article VIII.

Sec. 4. Base Rating. The base of each producer shall be a quantity of milk for each delivery period calculated in the following manner: (a) multiply the applicable figure, if any, effective pursuant to section 5 of this article by the number of days on which such producer delivered milk during such delivery period or (b) if no figure is effective for any producer, who is not also a handler, take the percent of the total milk delivered by him in bulk during such delivery period which is obtained by dividing total Class I and Class II milk by the total milk delivered; provided that if total Class I and Class II milk exceeds the total of bases so computed, add thereto, in the case of each producer for whom a figure is effective pursuant to section 5 of this article and who delivered milk in excess of base, the percentage of his excess milk which is the percentage of the total of such excess milk used by all handlers as Class I and Class II milk.

Sec. 5. Determination for Base Rating. For the purpose of calculating, pursuant to section 4 of this article, the bases of producers, including producers who are also handlers, the Market Administrator shall determine a figure with respect to deliveries of milk in bulk to handlers by each producer as follows:

1. Effective up to and including June 30, 1936, divide the total milk deliveries in bulk to handlers during the period of time beginning with Nov-



ember 16, 1935, and ending with February 15, 1936, by the number of days on which deliveries were made and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the average Class I and Class II milk per day sold, during the 4th calendar quarter of the calendar year 1935, by all handlers to whom such milk was delivered;

2. Effective for each calendar quarter subsequent to June 30, 1936, divide the total milk delivered by each producer not in excess of his base during the next preceding calendar quarter by the number of days on which such producer delivered milk and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the average Class I and Class II milk per day sold, during the 4th calendar quarter of the next preceding calendar year by all handlers to whom such milk was delivered;

3. At the request of any producer who is also a handler and for whom no figure is effective pursuant to paragraphs 1 and 2 of this section, divide the total milk delivered by such producer in bulk to handlers, during the 3 full delivery periods, immediately preceding the date of such request, by the number of days in such 3 delivery periods. Any figure determined pursuant to this paragraph shall be effective through the full calendar quarter immediately following its determination and thereafter shall be superseded by a figure effective pursuant to paragraph 2 of this section; and

4. In the case of a producer who is also a handler and who sells all or a part of his delivery routes to another handler, the Market Administrator shall determine a figure which is the average daily Class I and Class II milk produced and sold by such producer during the previous 3 months which such producer and such handler jointly report as involved in the deal and which the Market Administrator verifies. Any figure determined pursuant to this paragraph shall be effective from its determination until the end of the full calendar quarter next following and thereafter shall be superseded by a figure effective pursuant to paragraph 2 of this section.

#### ARTICLE VIII -- PAYMENTS FOR MILK

Section 1. Time and Method of Payment. On or before the 10th day after the end of each delivery period, each handler shall make payment, after allowing for the amount of the payment made pursuant to section 2 of this article, for the total value of milk received from producers during such delivery period, computed according to section 1 of article VII, subject to butterfat and country station differentials, set forth in sections 4 and 5, respectively, of this article, as follows:

1. To producers, at the blended price per hundredweight computed pursuant to section 2 of article VII, for that quantity of milk delivered by each producer not in excess of the base of such producer;

2. To producers, at the Class III price, for that quantity of milk delivered by each producer in excess of his base; and

3. To producers, through the Market Administrator, by paying to or receiving from the Market Administrator, as the case may be, the amount by which the sums due producers pursuant to paragraphs 1 and 2 of this section are less than, or exceed, the value of milk computed for such handler pursuant to section 1 of article VIII as shown in a statement rendered by the Market Administrator on or before the 10th day after the end of such delivery period.

Sec. 2. Half-delivery Period Payments. On or before the 25th day of each delivery period each handler shall make payment to each producer for the approximate value of milk received from such producer during the first 15 days of such delivery period.

Sec. 3. Errors in Payments. Errors in making the payments prescribed in this article shall be corrected not later than the date for making payments next following the determination of such errors.

Sec. 4. Butterfat Differential. If any producer has delivered to any handler during any delivery period milk having an average butterfat content other than 3.8 percent, such handler shall pay to each producer, for each one-tenth of one percent of average butterfat content above 3.8 percent, or shall deduct, for each one-tenth of one percent of average butterfat content below 3.8 percent, 4 cents per hundredweight.

Sec. 5. Country Station Differentials. If any producer has delivered milk to any handler's plant located more than 30 miles from the City Hall in Kansas City, such handler may deduct, with respect to that quantity of milk delivered which is represented by such producer's base, up to but not exceeding the amount per hundredweight specified for the distance of such plant from the City Hall in Kansas City as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof an additional 1-1/2 cents per hundredweight.

## ARTICLE IX -- MARKETING SERVICES

Section 1. Deductions for Marketing Services. Except as set forth in section 2, each handler shall deduct 3 cents per hundredweight from the payments made to each producer pursuant to paragraphs 1 and 2 of section 1 of article VIII with respect to all milk delivered to such handler during each delivery period by such producer and shall pay such deductions to the Market Administrator on or before the 10th day after the end of such delivery period. Such monies shall be expended by the Market Administrator for market information to, and for verification of weights, sampling and testing of milk purchased from said producers.

Sec. 2. Producers' Cooperative Associations. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act," is actually performing, as determined by the Secretary, the services set forth in section 1 of this article, each handler shall make the deductions from the payments to be made pursuant to paragraphs 1 and 2 of section 1 of article VIII which are authorized by such producers and, on or before the 10th day after the end of each delivery period, pay over such deductions to the associations of which such producers are members.



## ARTICLE X -- EXPENSES OF ADMINISTRATION

Section 1. Payments by Handlers. As his pro rata share of the expense of the administration hereof, each handler shall, on or before the 10th day after the end of each delivery period, pay to the Market Administrator a sum not exceeding 2 cents per hundredweight with respect to all milk delivered to him during such delivery period by producers or an association of producers, the exact amount to be determined by the Market Administrator subject to review by the Secretary; provided, that each handler which is a cooperative association of producers, shall pay such pro rata share of expense of administration only on that milk actually received from producers at any plant of such association.

Sec. 2. Suits by Market Administrator. The Market Administrator may maintain a suit in his own name against any handler for the collection of such handler's pro rata share of expense set forth in this article.

## ARTICLE XI -- EFFECTIVE TIME, SUSPENSION AND TERMINATION

Section 1. Effective Time. The provisions hereof, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated, pursuant to section 2 of this article.

Sec. 2. Suspension and Termination. Any or all provisions hereof or any amendment hereto shall be suspended or terminated as to any or all handlers after such reasonable notice as the Secretary may give, and shall, in any event, terminate whenever the provisions of the act authorizing it cease to be in effect.

Sec. 3. Unless otherwise provided by the Secretary in the notice of amendment, suspension, or termination of any or all provisions hereof, the amendment, suspension, or termination shall not: (a) affect, waive, or terminate any right, duty, obligation, or liability which shall have arisen or may thereafter arise in connection with any provisions hereof; (b) release or waive any violation hereof occurring prior to the effective date of such amendment, suspension, or termination; or (c) affect, or impair, any rights or remedies of the Secretary, or of any other person, with respect to any such violation.

Sec. 4. Continuing Power and Duty. If, upon the suspension or termination of any or all provisions hereof, there are any obligations arising hereunder, the final accrual or ascertainment of which requires further acts by any handler, by the Market Administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination; Provided, that any such acts required to be performed by the Market Administrator, shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

The Market Administrator, or such other person as the Secretary may designate, (a) shall continue in such capacity until discharged by the Secretary, (b) from time to time account for all receipts and dis-

bursements and deliver all funds of property on hand, together with the books and records of the Market Administrator, or such person, to such person as the Secretary shall direct, and (c) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the Market Administrator or such person pursuant hereto.

Sec. 5. Liquidation after Suspension or Termination. Upon the suspension or termination of any or all provisions hereof, the Market Administrator, or such person as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the Market Administrator's office, and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid and owing at the time of such suspension or termination. Any funds collected pursuant to the provisions hereof over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the Market Administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

#### ARTICLE XII -- LIABILITY

Section 1. Handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

#### ARTICLE XIII -- AMENDMENTS

Section 1. Proposals. Amendment of any or all provisions hereof may at any time be proposed in writing by any handler signatory hereto or by the Secretary.

Sec. 2. Notice of Proposals. Any amendment proposed in writing by any one or more handlers signatory hereto shall be deposited with the Market Administrator who shall give notice of such proposed amendment by publishing the same in a newspaper of general circulation in the Marketing Area and sending a copy of same to all handlers in the Marketing Area.

Sec. 3. Approval. Upon the written approval of three-fourths of the handlers signatory hereto who, during the next preceding delivery period, marketed three-fourths of the milk marketed within the Marketing Area, any proposed amendment of which notice has been given pursuant to section 2 of this article shall become effective at such time as the Secretary may declare with or without public hearing as the Secretary may determine; Provided, that no such amendment shall become effective without public hearing if one-sixth of the handlers signatory hereto who, during the next preceding delivery period, marketed one-sixth of the milk marketed within the Marketing Area by all handlers signatory hereto object in writing to such amendment.

#### ARTICLE XIV -- ANTI-TRUST LAWS

Section 1. Anti-trust Laws. Any exemption from the anti-trust



laws and any validation of any acts or things, which otherwise would have been unlawful, resulting from the execution of this Agreement by the Secretary, shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this Agreement.

#### ARTICLE XV -- DURATION OF IMMUNITIES

Section 1. Duration of Immunities. The benefits, privileges, and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done under and during the existence of this Agreement, and benefits, privileges, and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done under and during the existence of this agreement.

#### ARTICLE XVI -- AGENTS

Section 1. Agents. The Secretary may, by a designation in writing, name any person (not a party to this Agreement) including any officer or employee of the Government, or name any bureau or division in the Department of Agriculture, to act as his agent or representative in connection with any of the provisions of this Agreement.

#### ARTICLE XVII -- ORDER WITH MARKETING AGREEMENT

Section 1. Request for order. Each signatory handler hereby requests the Secretary to issue an Order pursuant to the act regulating the handling of milk in the Marketing Area, in the same manner as provided in this Agreement.

#### ARTICLE XVIII -- COUNTERPARTS AND ADDITIONAL PARTIES

Section 1. Counterparts. This agreement may be executed in multiple counterparts, and when one counterpart is signed by the Secretary, all such counterparts shall constitute, when taken together, one and the same instrument as if all such signatures were obtained in one original.

Sec. 2. Additional Parties. After this Agreement first takes effect, any handler may become a party to this Agreement if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect, as to such handler, at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such handler.

ARTICLE XIX -- SIGNATURES OF PARTIES

IN WITNESS WHEREOF the contracting handlers, acting under the provisions of the Agricultural Adjustment Act, as amended, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

\_\_\_\_\_  
Signature

By \_\_\_\_\_  
Name Title

Address \_\_\_\_\_

Attest \_\_\_\_\_

\_\_\_\_\_  
Date

NOW, THEREFORE \_\_\_\_\_, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, as amended, for the purposes and within the limitations therein contained, and not otherwise, does hereby execute this Agreement under his hand and the official seal of the Department of Agriculture, in the city of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_ 1936, and pursuant to the provisions hereof declares this Agreement to be effective on and after \_\_\_\_\_, central standard time, 1936.

\_\_\_\_\_  
Secretary of Agriculture.



RECORD OF MILK HANDLED  
DURING THE MONTH OF JUNE 1936

The undersigned certifies that to the best of his knowledge,  
as shown by his books and records, he handled during the month of June  
1936                      hundredweight of milk covered by this  
Agreement and marketed within the Kansas City, Missouri, Marketing  
Area.

SEAL \_\_\_\_\_

(Signed)

BY \_\_\_\_\_

, being duly sworn, deposes and says  
that he has read the foregoing statement by him subscribed and knows the  
contents thereof and that the same are true and correct to the best of  
his knowledge and belief.

\_\_\_\_\_  
Notary Public

AUTHORIZATION TO CORRECT TYPOGRAPHICAL ERRORS  
TO BE EXECUTED BY ALL SIGNERS

We, the undersigned, hereby authorize E. W. Gaumnitz to consent on our behalf to the correction of any typographical errors which the Agricultural Adjustment Administration may consider it advisable to make in the Marketing Agreement Regulating the Handling of Milk in the Kansas City, Missouri, Marketing Area.

\_\_\_\_\_  
Date Firm name

By \_\_\_\_\_  
Name Title - Seal  
(If corporation)

-----  
Corporation only

CERTIFICATE OF RESOLUTION

At a duly convened meeting of the Board of Directors of

\_\_\_\_\_ held at \_\_\_\_\_  
\_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_

1936, the following resolution was adopted:

RESOLVED, that \_\_\_\_\_  
shall become a party to the Marketing Agreement Regulating the Handling of milk in the Kansas City, Missouri, Marketing Area, as read and explained to the meeting, and it is further RESOLVED, that

\_\_\_\_\_(title)

and \_\_\_\_\_(title)

by, and hereby are authorized and directed to sign, execute, and deliver a counterpart of said agreement attached hereto, to the Secretary of Agriculture, together with an authorization naming E. W. Gaumnitz to correct typographical errors.

I, \_\_\_\_\_ Secretary of

\_\_\_\_\_ do hereby certify that this is a true and correct copy of a resolution adopted at the above-named meeting, as said resolution appears in the minutes thereof.

\_\_\_\_\_  
Address of firm

SEAL

AND SEAL AT SIGNATURE LINE IN BODY OF CONTRACT



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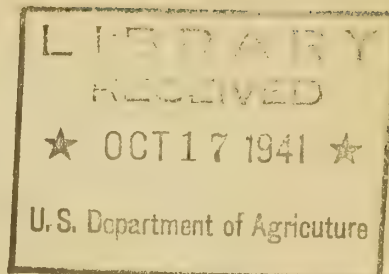
Docket No. A 23-A 2-RO 1

UNITED STATES DEPARTMENT OF AGRICULTURE

SURPLUS MARKETING ADMINISTRATION

DAIRY DIVISION

Washington, D. C.



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TENTATIVELY APPROVED MARKETING AGREEMENT, AS  
AMENDED, REGULATING THE HANDLING OF MILK IN THE  
GREATER KANSAS CITY MARKETING AREA

---

I hereby certify that this document is a true and correct  
copy of the said marketing agreement, as amended, as tentatively  
approved by the Secretary of Agriculture.

Hearing Clerk,

U.S. Department of Agriculture

Dated: September 12, 1941.

Washington, D. C.



INSTRUCTIONS FOR SIGNING MARKETING AGREEMENT

(Please read carefully before signing)

Handlers of milk who wish to enter into the marketing agreement, as amended, regulating the handling of milk in the Greater Kansas City marketing area with the Secretary of Agriculture should fill in and sign in accordance with the following instructions:

1. The agreement should be signed in the space provided for the signer's signature and address in Sec. 913.16. The type of business organization which you represent, whether corporation, partnership, or individual, should be indicated with your signature. If your business is organized as a corporation you should be sure to impress the corporate seal at the left of your signature.

2. The amount of milk handled during the month of May 1941 should be indicated in Sec. 913.15(b).

3. If your business is a corporation, the board of directors should pass a resolution in the form attached at the end of the agreement, authorizing the signing of this agreement.

4. In the case of partnerships and other business units, the agreement should be signed by persons authorized to represent the same, such authorization to be indicated.

When the above procedure has been completed, the agreement should be returned to Mr. Max M. Morehouse, Referendum Agent, 526 Railway Exchange Building, Kansas City, Missouri.

MARKETING AGREEMENT, AS AMENDED, REGULATING  
THE HANDLING OF MILK IN THE GREATER KANSAS  
CITY MARKETING AREA

WHEREAS, under the terms and provisions of Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 (50 Stat. 246), the Secretary of Agriculture of the United States is empowered, after due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in such handling of any agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof; and

WHEREAS, there being reason to believe that the execution of an amendment to the tentatively approved marketing agreement, as amended, and to the order, as amended, regulating the handling of milk in the Greater Kansas City marketing area, would tend to effectuate the declared policy of said act, notice was given, on the 8th day of May 1941, of a hearing which was held, on the 14th, 15th, and 16 days of May 1941 in Kansas City, Missouri, and notice was given, on the 2nd day of July 1941, of the reopening of the hearing, which reopened hearing was held on the 7th and 8th days of July 1941, in Kansas City, Missouri, on a proposal to amend the said marketing agreement, as amended, and the said order, as amended, and at said times and places public hearings were conducted at which all interested parties were afforded an opportunity to be heard on the proposal to amend the said marketing agreement, as amended, and the said order, as amended; and

WHEREAS, the parties hereto, in order to effectuate the declared policy of said act, desire to enter into this marketing agreement, as amended.

NOW, THEREFORE, the parties signatory hereto (said parties being the handlers and the Secretary) agree as follows:

Sec. 913.1 Definitions. (a) Terms. The following terms shall have the following meanings:

(1) The term "Greater Kansas City marketing area" hereinafter called the "marketing area," means all the territory in: Jackson County, Missouri; that part of Clay County, Missouri, south of highway 92, beginning at the Platte and Clay County line, east to the west section line of section 26 in Washington township, north to the north section line of said section 26, east to the Clay and Ray County line; Lee, Waldron, May, and Pettis townships in Platte County, Missouri;



Wyandotte County, Kansas; Shawnee and Mission townships in Johnson County, Kansas; Delaware, Leavenworth, and that part of Kickapoo and High Prairie townships east of the 95th principal meridian in Leavenworth County, Kansas.

(2) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(3) The term "producer" means any person, who, in conformity with the health regulations applicable to milk sold for consumption as milk or cream in the marketing area, produces milk which is received in bulk by a handler, other than himself, at such handler's plant. The term "producer" shall include any person, who, in conformity with the above-mentioned regulations, produces milk which a cooperative association causes to be delivered to a plant of a handler or to a plant from which no milk is disposed of as Class I milk or as Class II milk in the marketing area and for which such cooperative association collects payment.

(4) The term "handler" means any person, who, on his own behalf or on behalf of others, disposes of as Class I milk or Class II milk in the marketing area all or a portion of the milk purchased or received in bulk by him at his plant from (a) producers, (b) his own production, and (c) other handlers. The term "handler" shall include any cooperative association with respect to the milk of any producer which such cooperative association causes to be delivered to a plant of a handler or to a plant from which no milk is disposed of as Class I milk or as Class II milk in the marketing area and for which such cooperative association collects payment.

(5) The term "market administrator" means the person designated pursuant to Sec. 913.2 as the agency for the administration hereof.

(6) The term "delivery period" means the current marketing period from the first to, and including, the last day of each month.

(7) The term "base" means the quantity of milk calculated for each producer pursuant to Sec. 913.8.

(8) The term "cooperative association" means any cooperative association of producers which the Secretary determines (a) to have its entire activities under the control of its members, and (b) to have and to be exercising full authority in the sale of milk of its members.

(9) The term "act" means Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937.

(10) The term "Secretary" means the Secretary of Agriculture of the United States.

Sec. 913.2 Market administrator. (a) Designation. The agency for the administration hereof shall be a market administrator who shall be a person selected by the Secretary. Such person shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

(b) Powers. The market administrator shall:

- (1) Administer the terms and provisions hereof; and
- (2) Report to the Secretary complaints of violation of the provisions hereof.

(c) Duties. The market administrator shall:

(1) Within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary, a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary.

(2) Pay, out of the funds provided by Sec. 913.11, the cost of his bond, his own compensation, and all other expenses necessarily incurred in the maintenance and functioning of his office.

(3) Keep such books and records as will clearly reflect the transactions provided for herein, and surrender the same to his successor or to such other person as the Secretary may designate.

(4) Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, within 10 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to Sec. 913.5 or (b) made payments pursuant to Sec. 913.9.

(5) Promptly verify the information contained in the reports submitted by handlers.

Sec. 913.3 Classification of milk. (a) Basis of classification. All milk purchased or received by each handler shall be classified by the market administrator in the classes set forth in paragraph (b) of this section.

(b) Classes of utilization. The classes of utilization of milk shall be as follows:

(1) Class I milk shall be all milk disposed of in the form of milk containing more than 1 percent butterfat, irrespective of whether under the legal standard for milk and unaccounted for milk in excess of 3 percent of the total receipts from producers, except such milk as is classified as Class II milk and as Class III milk pursuant to subparagraphs (2) and (3) of this paragraph.



(2) Class II milk shall be all milk, except skim milk, used to produce cream, which is disposed of in the form of cream, other than for use in products specified in subparagraph (3) of this paragraph, flavored milk, creamed cottage cheese, creamed buttermilk, products sold or disposed of in the form of cream testing less than 18 percent butterfat, aerated cream, and eggnog.

(3) Class III milk shall be all milk: used to produce butter, cheese (other than creamed cottage cheese), evaporated milk, condensed milk, ice cream and powdered whole milk; used for starter churning, wholesale baking and candy making purposes; accounted for as salvage from products where the recovery of fat is impossible; not accounted for but not in excess of 3 percent of the total receipts of milk from producers.

(c) Interhandler and nonhandler sales. (1) All milk sold or disposed of by a handler who purchases or receives milk from producers, to another handler or to a person who distributes milk or manufactures milk products, shall be classified as Class I milk: Provided, That, if such milk, except for milk disposed of by such handler to another handler who purchases or receives no milk from producers, is reported as having been utilized as Class II milk or Class III milk, by the person who received it or by the disposing handler, such milk shall be classified accordingly, subject to verification by the market administrator.

(2) All milk or cream in bulk sold or disposed of by a handler purchases or receives no milk from producers to another handler who purchases or receives milk from producers shall be classified as Class III milk.

Sec. 913.4 Minimum prices. (a) Class prices. Except as set forth in paragraph (b) of this section, each handler shall pay producers, at the time and in the manner set forth in Sec. 913.9, for milk purchased or received from them not less than the following prices:

Class I milk - \$2.55 per hundredweight during delivery periods prior to May 1, 1942, and \$2.20 per hundredweight during delivery periods thereafter: Provided, That with respect to Class I milk disposed of under a program approved by the Secretary for the sale or disposition of milk to low-income consumers, including persons on relief - \$2.10 per hundredweight during delivery periods prior to May 1, 1942, and \$1.95 per hundredweight during delivery periods thereafter.

Class II milk - \$2.30 per hundredweight during delivery periods prior to May 1, 1942, and \$2.05 per hundredweight during delivery periods thereafter.

Class III milk - The price per hundredweight which shall be calculated by the market administrator as follows: multiply by 3.8 the average price per pound of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk was received and add 25 percent: Provided, That when the market administrator ascertains the average price established by the Meyer Sanitary Milk Company at its plant at Valley Falls, Kansas, the Franklin Ice Cream Company at its plant at Tonganoxie, Kansas, and the Milk Producers' Marketing Company at its plant at Kansas City, Kansas, or their successors, for ungraded milk of 3.8 percent butterfat content received during such deliver period and used for manufacturing purposes to be higher, then such ascertained price shall be used in lieu of the price determined by the above formula.

(b) Sales outside the marketing area. (1) Except as provided in (2) of this paragraph, the prices to be paid by a handler for Class I milk and Class II milk sold or disposed of outside the marketing area, in lieu of the prices otherwise applicable pursuant to this section, shall be such prices as the market administrator ascertains are being paid for milk of equivalent use in the market where such milk is sold or disposed of: Provided, That in no event shall the prices for Class I milk and Class II milk sold or disposed of outside the marketing area be less than the Class III price plus 50 cents per hundredweight during delivery periods prior to May 1, 1942, or less than the Class III price plus 25 cents per hundredweight during delivery periods thereafter.

(2) The prices to be paid by a handler for Class I milk and Class II milk sold or disposed of outside the marketing area for which no prices can be ascertained on the basis provided in (1) of this paragraph, including Class I milk and Class II milk sold or disposed of to Government institutions and establishments on the basis of bids or to a market whose dealers supply Government institutions and establishments on a basis of bids, shall be the prices for Class I milk and Class II milk set forth in paragraph (a) of this section.

Sec. 913.5 Reports of handlers. (a) Periodic reports. On or before the 7th day after the end of each delivery period, each handler who purchased or received milk from producers shall with respect to milk or cream which was purchased, received, or produced by such handler during such delivery period, report to the market administrator in the detail and form prescribed by the market administrator, as follows:

(1) The receipts at each plant of milk from each producer, including receipts from such handler's own production, the butterfat content and the number of days on which milk was received from each producer.

(2) The quantity of milk received from each producer in excess of his respective base.



(3) The receipts of milk and cream from handlers who purchase or receive milk from producers and the butterfat content.

(4) The receipts of milk and cream from any other source including receipts of milk and cream completely processed and packaged for distribution to consumers from handlers who purchase or receive no milk from producers and the butterfat content.

(5) The respective quantities of milk which were sold, distributed or used, including sales to other handlers for the purpose of classification pursuant to Sec. 913.3.

(6) The name and address of each producer from whom milk had not been received during the previous delivery period.

(7) The sales of milk and Class II products outside the marketing area, listing the market or area in which such milk and such Class II products were sold or disposed of, the date of such sale or disposition, and the plant from which such milk was supplied.

(8) Such other information with respect to the above as the market administrator may request.

(b) Reports of payments to producers. On or before the 20th day after the end of each delivery period, upon the request of the market administrator, each handler who purchased or received milk from producers shall submit to the market administrator his producer pay roll for such delivery period, which shall show for each producer: (1) the daily and total pounds of milk delivered and the average butterfat content thereof, and (2) the net amount of such handler's payments to such producer with the prices, deductions, and charges involved.

(c) Reports of handlers who receive no milk from producers. Handlers who purchase or receive no milk from producers shall report to the market administrator at such time and in such manner as the market administrator may require.

(d) Verification of reports. Each handler shall make available to the market administrator or his agent (1) all records and facilities necessary for the verification of the information contained in the reports submitted and in the accounting for the usage of all receipts in accordance with the classification of milk as set forth in Sec. 913.3, and (2) those facilities which are necessary for weighing, sampling, and testing of the milk of each producer.

Sec. 913.6 Application of provisions. (a) No provision hereof, except Sec. 913.5 (c) and (d), shall apply to a handler who purchases or receives no milk from producers and who sells or delivers no milk in bulk to other handlers.

(b) All milk sold or disposed of completely processed and packaged for distribution to consumers by a handler who purchases or receives no milk from producers to another handler who purchases or receives milk from producers shall be classified as Class I milk up to the amount of such milk actually sold in the original package by the purchasing handler as bottled Class I milk; and all cream sold or disposed of completely processed and packaged for distribution to consumers by a handler who purchases or receives no milk from producers to another handler who purchases or receives milk from producers shall be classified as Class II milk up to the amount of such cream actually sold in the original package by the purchasing handler as bottled Class II milk.

(c) With respect to each handler, who, during the delivery period, disposed of no milk as Class III milk and received from producers milk having an average butterfat content higher than that disposed of as Class I milk or as (3.8 percent milk equivalent of) Class II milk by such handler, the market administrator shall (1) determine the hundredweight of milk received from producers; (2) determine the hundredweight of milk disposed of as Class I milk and as (3.8 percent milk equivalent of) Class II milk; (3) if the hundredweight of milk determined in (2) of this paragraph exceeds the hundredweight of milk determined in (1) of this paragraph, multiply such difference in the hundredweights of milk by the difference between the Class II price and an amount obtained by multiplying by 38 the butterfat differential as provided in Sec. 913.9(c); and (4) add such amount to the sum obtained for such handler pursuant to Sec. 913.7(a).

(d) With respect to each handler who receives milk of his own production and also purchases or receives milk from producers, the market administrator, before making the computations in accordance with Sec. 913.7, shall (1) exclude the milk purchased or received by him in each class from other handlers, (2) exclude pro rata from his remaining Class I milk and Class II milk up to but not exceeding 90 percent of the quantity of milk received from his own production, and (3) exclude from his remaining Class III milk the balance of the milk received from his own production: Provided, That in computing the value of milk for such handler pursuant to Sec. 913.7, the market administrator shall not use a quantity of Class I milk and Class II milk in excess of the total quantity of milk received from producers by such handler.

Sec. 913.7 Determination of uniform prices to producers. (a) Computation of value of milk for each handler. For each delivery period the market administrator shall compute, subject to the provisions of Sec. 913.6, the value of milk of producers disposed of by each handler who purchased or received milk from producers by (1) multiplying the quantity of such milk in each class by the price applicable pursuant to Sec. 913.4, and (2) adding together the resulting value in each class: Provided, That if any handler has received milk from any



producer at his plant approved by an applicable health authority for the receiving of milk to be disposed of as milk or cream in the marketing area and located outside the marketing area but more than 30 miles by the shortest highway route from such handler's plant approved by an applicable health authority for the receiving of milk to be sold or disposed of as milk or cream in the marketing area and located within the marketing area, the market administrator shall: (1) determine the difference between 105 percent of such handler's total Class I milk and Class II milk received from producers and the total quantity of milk received from producers by such handler at his plant located within the marketing area during the delivery period of the next preceding calendar year when such difference was the greatest; (2) divide such difference by the number of days in such delivery period; and (3) deduct, with respect to a quantity of milk (but not in excess of the total quantity of milk received from producers by such handler at such plant located outside the marketing area) equal to the figure computed pursuant to (2) of this proviso multiplied by the number of days in the delivery period, up to but not exceeding the amount specified for the distance of such plant from such handler's plant located within the marketing area, as follows: not more than 45 miles, 17 cents per hundredweight; for each additional 10 miles or fraction thereof up to 75 miles, an additional  $1\frac{1}{2}$  cents per hundredweight; and for each additional 10 miles or fraction thereof beyond 75 miles, an additional  $\frac{1}{2}$  cent per hundredweight: Provided further, That if any handler has received milk from producers at more than one such plant located outside the marketing area, at one of which such plants no facilities for processing or separating milk are maintained and has received no milk from producers at his plant located within the marketing area, the market administrator shall deduct, with respect to a quantity of milk, if received, equal to 105 percent of such handler's total Class I milk and Class II milk received from producers, up to but not exceeding the amount specified for the distance of such plant from such handler's plant located within the marketing area, as follows: not more than 45 miles, 17 cents per hundredweight; for each additional 10 miles or fraction thereof up to 75 miles, an additional  $1\frac{1}{2}$  cents per hundredweight; and for each additional 10 miles or fraction thereof beyond 75 miles, an additional  $\frac{1}{2}$  cent per hundredweight, such deductions shall first be made on the milk received from producers at such plant located outside the marketing area where no facilities for processing or separating milk are maintained: Provided further, That if such milk received at such plant located outside the marketing area is sold or disposed of to another handler who purchases or receives milk from producers, such milk shall be classified by the market administrator at the lowest class usage of such purchasing handler: And provided further, That if the shortest highway distance between such handler's plant located outside the marketing area and his plant located within the marketing area is lessened through a relocation of highways, to less than 30 miles, the location differential which applies on the effective date of this agreement, as amended, shall continue to apply.

(b) Computation and announcement of the uniform prices. The market administrator shall compute and announce the uniform price per hundredweight of milk received during each delivery period, in the following manner:

(1) For delivery periods from the effective date hereof to and including December 31, 1941:

(i) Combine into one total the respective values of milk, computed pursuant to paragraph (a) of this section, for each handler who made the reports prescribed by Sec. 913.5 and who made the payments prescribed by Sec. 913.9;

(ii) Add the amount of the adjustments to be made pursuant to Sec. 913.9(d);

(iii) Add the cash balance in his hands from payments made by handlers during the delivery period next preceding but one, to meet the obligations arising out of Sec. 913.9(g);

(iv) Divide by the total hundredweight of milk which is included in these computations;

(v) Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk for the purpose of retaining in the producer-settlement fund a cash balance to provide against errors in reports and payments or delinquencies in payments by handlers. This result shall be known as the uniform price for such delivery period for the milk of producers containing 3.8 percent butterfat; and

(vi) On or before the 10th day after the end of such delivery period, mail to all such handlers and publicly announce (a) such of these computations as do not disclose information confidential pursuant to the act; (b) the blended price per hundredweight which is the result of these computations; (c) the Class III price; and (d) the butterfat differential computed pursuant to Sec. 913.9(c).

(2) For delivery periods subsequent to December 31, 1941, subject to subparagraph (3) of this paragraph:

(i) Combine into one total the respective values of milk, computed pursuant to paragraph (a) of this section for each handler who made the reports prescribed by Sec. 913.5 and who made the payments prescribed by Sec. 913.9;

(ii) Add the amount of the adjustments to be made pursuant to Sec. 913.9(d);

(iii) Subtract the total amount to be paid pursuant to Sec. 913.9(a)(2)(ii);



(iv) Add the cash balance in his hands, from payments made by handlers during the delivery period next preceding but one, to meet the obligations arising out of Sec. 913.9(g);

(v) Divide by the total hundredweight of milk which is not in excess of the delivered bases of producers and which is included in these computations;

(vi) Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk for the purpose of retaining in the producer-settlement fund a cash balance to provide against errors in reports and payments or delinquencies in payments by handlers. This result shall be known as the uniform price for base milk containing 3.8 percent butterfat received from producers during such delivery period; and

(vii) On or before the 10th day after the end of such delivery period, mail to all such handlers and publicly announce (a) such of these computations as do not disclose information confidential pursuant to the act; (b) the blended price per hundredweight which is the result of these computations; (c) the Class III price; and (d) the butterfat differential computed pursuant to Sec. 913.9(c).

(3) For each delivery period subsequent to December 31, 1941, during which the market administrator determines the total daily deliveries of milk to be less than 105 percent of the total daily average Class I milk and Class II milk received from producers by handlers during the next preceding delivery period, the uniform price for all milk received from producers shall be computed pursuant to subparagraph (1) of this paragraph, and the market administrator, upon such determination, shall mail notice of such change in the method of computation of the uniform price to all producers.

Sec. 913.8 Base ratings. (a) Determination of base. For each delivery period subsequent to December 31, 1941, the base of each producer shall be a quantity of milk calculated by the market administrator in the following manner: multiply the applicable figure computed pursuant to subparagraph (1), (2), (3), or (4) of paragraph (b) of this section adjusted by paragraph (c) of this section by the number of days during such delivery period on which milk was received from such producer.

(b) Determination of daily base. (1) Effective for the calendar quarter beginning January 1, 1942, the daily base of each producer shall be computed by the market administrator from reports submitted by the handlers pursuant to Sec. 913.5 or from the best information available in the following manner:

(i) Determine for each producer who was regularly delivering milk to a handler on December 1, 1941, the average daily deliveries

of milk to a handler, for the period from the effective date hereof, or the date on which deliveries began, to and including December 31, 1941;

(ii) Add together in one sum all the daily average amounts computed pursuant to subdivision (i) of this subparagraph;

(iii) Determine from reports filed by handlers, who purchased or received milk from producers, pursuant to Sec. 913.5, the average daily Class I milk and Class II milk, received from such producers and disposed of in the marketing area by such handlers during the 4th calendar quarter of the next preceding calendar year and add to such daily average an amount equal to 15 percent thereof;

(iv) Divide the amount determined pursuant to subdivision (iii) of this subparagraph by the sum determined pursuant to subdivision (ii) of this subparagraph; and

(v) Multiply the daily average amount for each producer determined in subdivision (i) of this subparagraph by the percentage figure computed pursuant to subdivision (iv) of this subparagraph. This result shall be known as the producer's daily base.

(2) Effective for each calendar quarter subsequent to March 31, 1942, subject to subparagraphs (3) and (4) of this paragraph and to paragraph (c) of this section, the daily base of each producer shall be computed by the market administrator from reports submitted by the handlers pursuant to Sec. 913.5 or from the best information available in the following manner: divide the total pounds of milk received from each producer not in excess of his base during the next preceding calendar quarter by the number of days in such quarter and take such a percentage of the result as will make the total of all figures so determined equal to 115 percent of the total daily average Class I milk and Class II milk received from such producers and disposed of within the marketing area by such handlers during the 4th calendar quarter of the next preceding calendar year. This result shall be known as the producer's daily base: Provided, That in case a producer is prevented by an applicable health authority, through quarantine or degrading, from delivering milk and such producer furnishes a written statement to that effect from such applicable health authority to the market administrator, the market administrator shall deduct the number of days (but not more than 30 days in any one calendar quarter) involved by such ruling of the applicable health authority from the figure representing the number of days in the calendar quarter in the determination of such producer's daily base: Provided further, That in case a producer, as the result of official testing for tuberculosis or Bang's disease or testing for mastitis by a recognized veterinarian loses 20 percent or more of the cows in his herd and furnishes the market administrator with satisfactory documentary evidence of such loss, such producer shall be permitted 3 months in which to replace such cows lost through such



testing and the market administrator shall credit such producer with the deliver of his established base in the determination of such producer's daily base: Provided further, That in case the milk of a producer cannot be delivered because weather conditions of an unusual and exceptional character prevent the regular operation of established trucking facilities for such delivery of the milk of the producer to the plant of the handler, the market administrator shall deduct the number of days involved by such conditions from the figure representing the number of days in the calendar quarter in the determination of such producer's daily base: And provided further, That for any delivery period when the total receipts of milk from producers are equal to or in excess of 115 percent of the total Class I milk and Class II milk received from producers and disposed of within the marketing area by handlers, the market administrator shall credit each producer with the delivery of his established base in the determination of such producer's daily bases.

(3) In case a handler who distributes within the marketing area milk of his own production disposes of all or a part of his delivery routes to a handler who purchases or receives milk from producers and who becomes a producer, the daily base of such producer shall be computed by the market administrator in the following manner: determine the average daily Class I milk and Class II milk produced and disposed of, during the three months next preceding the date of the disposal of such delivery routes, on such delivery routes of such handler, which purchasing and selling handler jointly report as involved in the deal, subject to verification by the market administrator. This figure shall be known as the producer's daily base and shall be effective from the date of the first delivery of milk of his own production in bulk to a handler by such producer through the first complete calendar quarter and thereafter shall be superseded by a daily base determined pursuant to subparagraph (2) of this paragraph.

(4) In the case of a producer for whom no base is effective, the daily base of such producer shall be computed by the market administrator in the following manner: (i) For each of the first 3 delivery periods subsequent to December 31, 1941, during which milk was purchased or received by a handler at his plant from such producer, determine for such producer the average daily delivery of milk during such delivery period to a handler and multiply by 50 percent. The resulting figure for each such delivery period shall be considered as such producer's daily base for such delivery period; (ii) determine for such producer the average daily deliveries of milk to a handler, for the 3 such delivery periods and multiply by the percentage that total reported base milk deliveries were to reported total deliveries of milk by all daily base-holding producers during such 3 delivery periods. This figure shall be known as the producer's daily base, effective immediately following the third such delivery period and continuing through the first complete calendar quarter and thereafter shall be superseded by a daily base determined pursuant to subparagraph (2) of this paragraph.

(c) Base rules. (1) Any producer who ceases to deliver milk to a handler for a period of more than 30 consecutive days shall forfeit his base. In the event such producer thereafter commences to deliver milk to a handler, he shall receive a daily base computed in the manner provided in paragraph (b)(4) of this section.

(2) In case a producer sells or delivers to a handler milk not of his own production as being milk of his own production, the base of such producer shall be forfeited at the beginning of the delivery period during which such milk was delivered and all milk sold or delivered to a handler by such producer during such delivery period shall be considered as excess over base. Thereafter such producer shall receive a daily base computed in the manner provided in paragraph (b)(4) of this section.

(3) If, on or before the 5th day after the transfer of a herd producing base milk, there is recorded with the market administrator an affidavit stating that such herd has been transferred listing the ear tag numbers of the animals so transferred and specifying the date of such transfer, signed jointly before a notary public by the seller and the purchaser of such herd and if, within 10 days after such affidavit is recorded with the market administrator, no written protest containing information that such transfer was contrary to the terms of this subparagraph is filed with the market administrator, the base of such producer may be transferred but only as one unit to the purchases of such herd; if, upon investigation, the market administrator finds the terms of this subparagraph have been violated, the base of such producers shall be forfeited. No base, once transferred, shall again be transferred within 6 months of the date of the prior transfer except in case of the death of a producer.

(4) A landlord who rents on a crop-share basis shall be entitled to the entire daily base to the exclusion of the tenant if the landlord owns the entire herd. Likewise, the tenant who rents on a crop-share basis shall be entitled to the entire daily base to the exclusion of the landlord if the tenant owns the entire herd. If the cattle are jointly owned by tenant and landlord, the daily base shall be divided between the joint owners according to the ownership of the cattle if and when such joint owners terminate the tenant and landlord relationship.

(5) A producer, whether landlord or tenant of a farm, may retain his base when moving his entire herd of cows from one farm to another farm: Provided, That at the beginning of a tenant and landlord relationship the allotted base of such tenant and landlord shall be a combined base and may be divided only if such relationship is terminated.

Sec. 913.9 Payments for milk. (a) Time and method of payment. On or before the 12th day after the end of each delivery period, each handler shall make payment, after deducting the amount of the payment made pursuant to paragraph (b) of this section, for not less than the total value of milk of producers received by such handler during such



delivery period, computed according to Sec. 913.7 and subject to the differentials set forth in paragraphs (c) and (d), respectively, of this section as follows:

(1) For delivery periods from the effective date hereof, to and including December 31, 1941:

(i) To producers, at the uniform price per hundredweight computed pursuant to Sec. 913.7(b)(1), for the total quantity of milk received from such producers.

(2) For delivery periods subsequent to December 31, 1941, subject to subparagraph (3) of this paragraph:

(i) To producers, at the uniform price per hundredweight computed pursuant to Sec. 913.7(b)(2), for that quantity of milk received from producers, not in excess of their respective bases; and

(ii) To producers, at the Class III price, for that quantity of milk received from such producers in excess of their respective bases.

(3) For each delivery period subsequent to December 31, 1941, during which the market administrator determines the total daily deliveries of milk to be less than 105 percent of the total daily average Class I milk and Class II milk received from producers by handlers during the next preceding delivery period, the method of payment shall be pursuant to subparagraph (1) of this paragraph.

(b) Half delivery period payments. On or before the 25th day of each delivery period, each handler shall make payment to each producer for the approximate value of the milk of such producer which, during the first 15 days of such delivery period, was received by such handler.

(c) Butterfat differential. If, during the delivery period, any handler has purchased or received from any producer milk having an average butterfat content other than 3.8 percent, such handler, in making the payments prescribed in paragraph (a) of this section, shall add to the prices per hundredweight for such producer for each one-tenth of 1 percent of average butterfat content in milk above 3.8 percent not less than, or shall deduct from such prices for such producer for each one-tenth of 1 percent of average butterfat content in milk below 3.8 percent not more than, an amount computed as follows: add 4 cents to the average price of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk was received, and divide the resulting sum by 10.

(d) Location differentials. In making payments pursuant to paragraphs (a)(1), (a)(2), and (a)(3) of this section for milk received from producers at plants approved by any applicable health authority

for the receiving of milk to be sold or disposed of as milk or cream in the marketing area and located outside the marketing area but more than 30 miles by the shortest highway route from such handler's plant approved by an applicable health authority for the receiving of milk to be sold or disposed of as milk or cream in the marketing area and located within the marketing area, each handler shall deduct, with respect to all milk received from such producers, the amount per hundredweight specified for the distance of such plant located outside the marketing area from such handler's plant located within the marketing area as follows: not more than 45 miles, 17 cents per hundredweight; for each additional 10 miles or fraction thereof up to 75 miles, an additional  $1\frac{1}{2}$  cents per hundredweight; and for each additional 10 miles or fraction thereof beyond 75 miles, an additional  $\frac{1}{2}$  cent per hundredweight: Provided, That if the shortest highway distance between such handler's plant located outside the marketing area and his plant located in the marketing area is lessened through a relocation of highways to less than 30 miles, the location differential which applies on the effective date of this agreement, as amended, shall continue to apply.

(e) Additional payments. Any handler may make payment to producers in addition to the payments to be made pursuant to paragraph (a) of this section: Provided, That such additional payments shall be uniform as among all producers for milk of the same grade and quality.

(f) Producer-settlement fund. The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund" into which he shall deposit all payments made by handlers pursuant to paragraphs (g) and (i) of this section and out of which he shall make all payments to handlers pursuant to paragraphs (h) and (i) of this section.

(g) Payments to the producer-settlement fund. On or before the 12th day after the end of each delivery period, each handler shall pay to the market administrator, for payment to producers through the producer-settlement fund, the amount by which the total utilization value of the milk of producers received by such handler during the delivery period is greater than the sum obtained by multiplying the hundredweight of such milk of producers by the appropriate prices required to be paid producers by handlers pursuant to subparagraphs (1), (2), and (3) of paragraph (a) of this section and adding together the resulting amounts.

(h) Payments out of producer-settlement fund. On or before the 12th day after the end of each delivery period, the market administrator shall pay to each handler, for payment to producers, the amount, if any, by which the total utilization value of the milk of producers received by such handler during the delivery period is less



than the sum obtained by multiplying the hundredweight of such milk of producers by the appropriate prices required to be paid producers by handlers pursuant to subparagraphs (1), (2), and (3) of paragraph (a) of this section, and adding together the resulting amounts. If, at such time, the balance in the producer-settlement fund is insufficient to make all payments pursuant to this paragraph, the market administrator shall reduce uniformly such payments and shall complete such payments as soon as the necessary funds are available. No handler who, on the 12th day after the end of each delivery period, has not received the balance of such reduced payment from the market administrator shall be deemed to be in violation of paragraph (a) of this section if he reduces his payments to producers by not more than the amount of the reduction in payment from the producer-settlement fund. Nothing in this paragraph shall abrogate the right of a cooperative association to make payment to its member producers in accordance with the payment plan of such cooperative association.

(i) Adjustment of errors in payments. Whenever verification by the market administrator of reports or payments of any handler discloses errors made in payments to the producer-settlement fund pursuant to paragraph (g) of this section, the market administrator shall, within 5 days, make payment to the market administrator of the amount so billed. Whenever verification discloses that payment is due from the market administrator to any handler pursuant to paragraph (h) of this section, the market administrator shall, within 5 days, make such payment to such handler. Whenever verification by the market administrator of the payment by a handler to any producer discloses payment to such producer of less than is required by this section, the handler shall make up such payment to the producer not later than the time of making payment to producers next following such disclosure.

Sec. 913.10 Marketing services. (a) Deductions for marketing services. Except as set forth in paragraph (b) of this section, each handler shall deduct 3 cents per hundredweight from the payments made to each producer pursuant to Sec. 913.9(a)(1), (a)(2), and (a)(3), with respect to all milk of such producer purchased or received by such handler during the delivery period, and shall pay such deductions to the market administrator on or before the 12th day after the end of such delivery period. Such moneys shall be expended by the market administrator for market information to, and for the verification of weights, sampling, and testing of milk received from, said producers.

(b) Producers' cooperative associations. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act," is actually performing the services set forth in paragraph (a) of this section, each handler shall make the deductions from the payments to be made pursuant to Sec. 913.9(a)(1), (a)(2), and (a)(3), which are authorized by such producers, and, on or before the 12th day after the end of each delivery period, pay over such deductions to the associations of which such producers are members.

Sec. 913.11 Expense of administration. (a) Payments by handlers. As his prorata share of the expense of the administration hereof, handler who purchased or received milk from producers, with respect to all milk received from producers during the delivery period, shall pay to the market administrator, on or before the 12th day after the end of such delivery period, an amount not exceeding 2 cents per hundredweight, which amount shall be determined by the market administrator, subject to review by the Secretary.

(b) Suits by the market administrator. The market administrator may maintain a suit in his own name against any handler for the collection of such handler's prorata share of expenses set forth in this section.

Sec. 913.12 Effective time, suspension, or termination of marketing agreement, as amended. (a) Effective time. The provisions hereof, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated pursuant to paragraph (b) of this section.

(b) Suspension or termination. The Secretary may suspend or terminate this marketing agreement, as amended, or any provision hereof, whenever he finds that this marketing agreement, as amended, or any provision hereof, obstructs, or does not tend to effectuate the declared policy of the act. This marketing agreement, as amended, shall terminate, in any event, whenever the provisions of the act authorizing it cease to be in effect.

(c) Continuing power and duty of the market administrator. If, upon the suspension or termination of any or all provisions hereof, there are any obligations arising hereunder the final accrual or ascertainment of which requires further acts by any handler, by the market administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination: Provided, That any such acts required to be performed by the market administrator shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

(1) The market administrator, or such other person as the Secretary may designate, shall (i) continue in such capacity until removed by the Secretary, (ii) from time to time account for all receipts and disbursements and, when so directed by the Secretary, deliver all funds or property on hand together with the books and records of the market administrator, or such person, to such person as the Secretary may direct, and (iii) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the market administrator or such person pursuant thereto.



(d) Liquidation after suspension or termination. Upon the suspension or termination of any or all provisions hereof, the market administrator, or such person as the Secretary may designate, shall liquidate, if so directed by the Secretary, the business of the market administrator's office and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid or owing at the time of such suspension or termination. Any funds collected pursuant to the provisions hereof, over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the market administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

Sec. 913.13 Liability. (a) Liability of handlers. The liability of handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

Sec. 913.14 Counterparts and additional parties. (a) Counterparts of marketing agreement, as amended. This agreement, as amended, may be executed in multiple counterparts, and when one counterpart is signed by the Secretary, all such counterparts shall constitute when taken together, one and the same instrument, as if all such signatures were obtained in one original.

(b) Additional parties to the marketing agreement, as amended. After this agreement, as amended, first takes effect, any handler may become a party to this agreement, as amended, if a counterpart hereof is executed by him and delivered to the Secretary. This agreement, as amended, shall take effect as to such new contracting parties at the time such counterpart is delivered to the Secretary, and the benefits, privileges, and immunities conferred by this agreement, as amended, shall then be effective as to such new contracting party.

Sec. 913.15 Authorization to correct typographical errors and record of milk handled during the month of May 1941. (a) Authorization to correct typographical errors. The undersigned hereby authorizes O. M. Reed, Chief, Dairy Division, Surplus Marketing Administration, to correct any typographical errors which may have been made in this marketing agreement, as amended.

(b) Record of milk handled during the month of May 1941. The undersigned certifies that he handled during the month of May 1941 \_\_\_\_\_ hundredweight of milk covered by this agreement, as amended, and disposed of within the marketing area.

Sec. 913.16 Signature of parties.

IN WITNESS WHEREOF, the contracting handlers, acting under the provisions of the act, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

\_\_\_\_\_  
Signature

(Seal)

\_\_\_\_\_  
By

Name

\_\_\_\_\_  
Title

Attest \_\_\_\_\_

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date



Corporation only

CERTIFICATE OF RESOLUTION

At a duly convened meeting of the board of directors of

\_\_\_\_\_ held at \_\_\_\_\_

\_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_

1941, the following resolution was adopted:

RESOLVED, That \_\_\_\_\_  
shall become a party to the marketing agreement, as amended, regulating the  
handling of milk in the Greater Kansas City marketing area, as read and  
explained to the meeting, and it is further RESOLVED, That

\_\_\_\_\_ (title)

and \_\_\_\_\_ (title)

be, and hereby are authorized and directed to sign, execute, and deliver  
a counterpart of said agreement attached hereto, to the Secretary of  
Agriculture, together with an authorization naming O. M. Reed to correct  
typographical errors.

I, \_\_\_\_\_, secretary

of \_\_\_\_\_, do hereby certify  
that this is a true and correct copy of a resolution adopted at the above-  
named meeting, as said resolution appears in the minutes thereof.

\_\_\_\_\_  
Address of firm

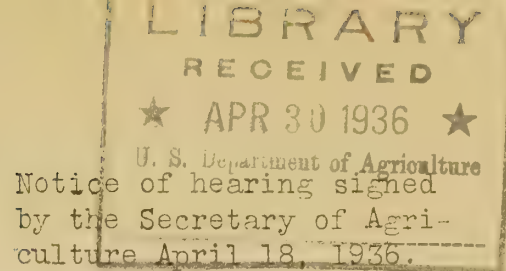
SEAL

AND SEAL AT SIGNATURE LINE IN BODY OF AGREEMENT

-----  
\_\_\_\_\_, being duly sworn, de-  
poses and says that he has read the foregoing statement by him subscribed  
and knows the contents thereof and that the same are true and correct to  
the best of his knowledge and belief.

\_\_\_\_\_  
Notary Public

14ma mo.  
Kansas City, Mo.  
Docket No. A-23  
O-23



PROPOSED MARKETING AGREEMENT AND PROPOSED ORDER  
REGULATING THE HANDLING OF MILK IN THE  
KANSAS CITY, MISSOURI, MARKETING AREA

WHEREAS, by section 8b of Title I of the Agricultural Adjustment Act, approved May 12, 1933, as amended, hereinafter called the act, the Secretary of Agriculture, hereinafter called the Secretary, is empowered, after due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in such handling of any agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof; and

WHEREAS, by section 8c (1) of the act the Secretary is empowered to issue orders applicable to processors, associations of producers, and others engaged in the handling of any agricultural commodity or product thereof specified in subsection (2) of section 8c, such orders to regulate only such handling of such agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs or affects interstate or foreign commerce in such commodity or product thereof; and

WHEREAS, the Secretary has reason to believe that the execution of a marketing agreement and the issuance of an order, each containing the provisions hereinafter set forth, will tend to effectuate the declared policy of Title I of the act with respect to the handling of milk in the Kansas City, Missouri, Marketing Area;

NOW, THEREFORE, pursuant to the act, the Secretary has issued a notice of hearing to be held at Kansas City, Missouri, on the 6th day of May, 1936, for the purpose of presenting the provisions hereinafter set forth and of receiving evidence with respect to these provisions, any other provisions which may be proposed, and the general economic conditions which may necessitate regulation in order to effectuate the declared policy of the act.

ARTICLE I -- DEFINITIONS

Section 1. Terms. The following terms shall have the following meanings:

1. "Kansas City, Missouri, Marketing Area," hereinafter called the Marketing Area, means the territory within the corporate limits of Kansas City, Missouri.



2. "Person" means any individual, partnership, corporation, association, and any other business unit.

3. "Producer" means any person, irrespective of whether any such person is also a handler, who produces milk in conformity with the health requirements applicable for milk to be sold for consumption as milk in the Marketing Area.

4. "Handler" means any person, irrespective of whether such person is a producer or an association of producers, wherever located or operating, who engages in such handling of milk, which is sold as milk or cream in the Marketing Area, as is in the current of interstate or foreign commerce or which directly burdens, obstructs, or affects interstate or foreign commerce in milk and its products.

5. "Market Administrator" means the person designated pursuant to article II as the agency for the administration hereof.

6. "Delivery period" means the current marketing period from the 1st to, and including the last day of each month.

7. "Base" means the quantity of milk calculated for each producer pursuant to section 4 of article VII.

## ARTICLE II -- MARKET ADMINISTRATOR

Section 1. Selection, Removal and Bond. The Market Administrator shall be selected by the Secretary and shall be subject to removal by him at any time. The Market Administrator shall, within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary.

Sec. 2. Compensation. The Market Administrator shall be entitled to such reasonable compensation as may be determined by the Secretary.

Sec. 3. Powers. The Market Administrator shall have power:

1. To administer the terms and provisions hereof; and
2. To receive, investigate, and report to the Secretary complaints of violations of the terms and provisions hereof.

Sec. 4 Duties. The Market Administrator, in addition to the duties hereinafter described, shall:

1. Keep such books and records as will clearly reflect the transactions provided for herein;
2. Submit his books and records to examination by the Secretary at any and all times;
3. Furnish such information and such verified reports as the Secretary may request;

4. Obtain a bond with reasonable security thereon covering each employee who handles funds entrusted to the Market Administrator;

5. Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions hereof;

6. Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, within 15 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to article V or (b) made payments pursuant to article VIII; and

7. Pay out of the funds provided by article X (a) the cost of his bond and of the bonds of such of his employees as handle funds entrusted to the Market Administrator, (b) his own compensation, and (c) all other expenses which will necessarily be incurred by him for the maintenance and functioning of his office and the performance of his duties.

Sec. 5. Responsibility. The Market Administrator, in his capacity as such, shall not be held responsible in any way whatsoever to any handler or any other person for errors in judgment, for mistakes, or for other acts either of commission or omission, except for his own willful misfeasance, malfeasance, or dishonesty.

### ARTICLE III -- CLASSIFICATION OF MILK

Section 1. Sales and Use Classification. Milk purchased or handled by handlers shall be classified as follows:

1. All milk sold or distributed for consumption as milk, shall be Class I milk;

2. All milk used to produce cream (for consumption as cream), flavored milk, creamed cottage cheese, and creamed buttermilk shall be Class II milk; provided, that the milk from which only the skimmed milk is used in the production of the above products shall not be included as Class II milk; and

3. All milk purchased, sold or used in excess of Class I and Class II milk shall be Class III milk.

Sec. 2. Inter-handler Sales. Milk sold by a handler to another handler shall be presumed to be Class I milk; provided, that if such selling handler, on or before the date fixed for filing reports pursuant to article V, shall furnish proof satisfactory to the Market Administrator that such milk has been sold or used by the purchasing handler other than as Class I milk, then, and in that event, such milk shall be classified in accordance with its actual use.

### ARTICLE IV -- MINIMUM PRICES

Section 1. Class I Prices. Each handler shall pay producers at the time and in the manner set forth in article VIII, for Class I milk not less than the following prices:



1. In the case of such milk delivered from producers' farms to the plant of such handler located not more than 30 miles from the City Hall in Kansas City, \$2.00 per hundredweight; and

2. In the case of such milk delivered from producers' farms to the plant of such handler located more than 30 miles from the City Hall in Kansas City, the price set forth in paragraph 1 of this section less the amount specified for the distance of such plant from the City Hall in Kansas City, as follows: not more than 45 miles, 17 cents per hundredweight, and for each additional 10 miles or part thereof, an additional 1-1/2 cents per hundredweight.

Sec. 2. Class II Prices. Each handler shall pay producers, at the time and in the manner set forth in article VIII, for class II milk not less than the following prices:

1. In the case of such milk delivered to such handler's plant located not more than 30 miles from the City Hall in Kansas City \$1.70 per hundredweight.

2. In the case of such milk delivered to such handler's plant located more than 30 miles from the City Hall in Kansas City, the price set forth in paragraph 1 of this section, less the amount specified for the distance of such plant from the City Hall in Kansas City as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof, 1-1/2 cents per hundredweight.

Sec. 3. Class III Price. Each handler shall pay producers, in the manner set forth in article VIII, for Class III milk not less than that price, for any delivery period, which shall be, subject to the disapproval of the Secretary, the highest bona fide bid submitted by any handler or processor for all Class III milk which may be delivered to him during such delivery period. All bids shall be filed with the Market Administrator on or before the 5th day preceding such delivery period. The Market Administrator shall make a full report of the bids to the Secretary. On or before the last day preceding each delivery period the Market Administrator shall publicly announce the Class III price to be in effect for such delivery period.

Sec. 4. Sales Outside the Marketing Area. The price to be paid to producers by a handler for Class I milk sold outside the Marketing Area, in lieu of the price otherwise applicable pursuant to this article, shall be such price as the Market Administrator ascertains is being paid by processors, in the market where such milk is sold, for milk of equivalent use, subject to a reasonable adjustment on account of transportation from the plant where such milk is received from producers to the plant where such milk is loaded on wholesale and retail routes.

#### ARTICLE V -- REPORTS OF HANDLERS

Section 1. Periodic Reports. On or before the 5th day after the end of each delivery period each handler shall, with respect to milk or cream which was, during such delivery period (a) received from producers, (b) received from handlers, and (c) produced by such handler, report to

the Market Administrator, in the detail and from prescribed by him, as follows:

1. The receipts at each plant from producers who are not handlers and the quantity of such receipts which represents the total of all milk delivered by producers in excess of their respective bases;
2. The receipts at each plant from any other handler, including any handler who is also a producer;
3. The quantity, if any, produced by such handler; and
4. The respective quantities of milk which were sold, distributed, or used, including sales to other handlers, for the purpose of classification pursuant to article III.

Sec. 2. Reports as to Producers. Each handler shall report to the Market Administrator:

1. Within 10 days after the Market Administrator's request, with respect to any producer for whom such information is not in the files of the Market Administrator, and with respect to a period or periods of time designated by the Market Administrator, (a) the name and address, (b) the total pounds of milk delivered, (c) the average butterfat test of milk delivered, and (d) the number of days upon which deliveries were made; and
2. As soon as possible after first receiving milk from any producer, (a) the name and address of such producer, (b) the date upon which such milk was first received, and (c) the plant at which such producer delivered milk.

3. Reports of Payments to Producers. Each handler shall submit to the Market Administrator on or before the 15th day after the end of each delivery period his producer payroll for such delivery period which shall show for each producer (a) the net amount of such producer's payment with the prices, deductions, and charges involved, (b) the total delivery of milk with the average butterfat test thereof, and (c) the portion of such delivery which was in excess of the base of such producer.

Sec. 4. Verification of Reports. In order that the Market Administrator may submit verified reports to the Secretary pursuant to paragraph 3 of section 4 of article II, each handler shall permit the Market Administrator or his agent, during the usual hours of business, to (a) verify the information contained in reports submitted in accordance with this article, and (b) weigh milk delivered by each producer and sample and test milk for butterfat.

#### ARTICLE VI -- HANDLERS WHO ARE ALSO PRODUCERS

Section 1. Milk Purchased from Producers. In the case of a handler who is also a producer and who has purchased milk from producers, the Market Administrator shall, before making the computations set forth in article VII, (a) exclude the milk purchased by him in each class from other handlers,



- (b) exclude from his remaining Class I and Class II milk up to but not exceeding 95 percent of the quantity of milk produced and sold by him, and
- (c) exclude from his remaining Class III milk the balance of the milk produced and sold by him.

Sec. 2. Milk Sold to Other Handlers. Milk sold in bulk by a handler who is also a producer, to another handler and sold or used as Class I or Class II milk by the purchasing handler shall, in making the computation required by section 1 of article VII for such handler, be multiplied by the difference between the Class III price and the Class I and Class II price, as the case may be, and the resultant amount shall be added to the total value of milk otherwise computed.

## ARTICLE VII -- DETERMINATION OF UNIFORM PRICES TO PRODUCERS

Section 1. Computation of Value of Milk for Each Handler. For each delivery period the Market Administrator shall compute, subject to the provisions of article VI, the value of milk sold or used by each handler, which was not purchased from other handlers, by (a) multiplying the quantity of such milk in each Class by the price applicable pursuant to article IV and (b) adding together the resulting value of each class.

Sec. 2. Computation and Announcement of Uniform Prices. The Market Administrator shall compute and announce the uniform prices per hundredweight of milk delivered during each delivery period as follows:

1. Combine into one total the respective values of milk, computed pursuant to section 1 of this article, for each handler who made the reports prescribed by article V and who made the payments prescribed by article VIII for milk received during the previous delivery period;

2. Add the total net amount of the differentials applicable pursuant to section 4 of article VIII;

3. Subtract the total sum due producers pursuant to paragraph 2 of section 1 of article VIII;

4. Divide by the total quantity of milk which is not in excess of the bases of producers and which is included in these computations;

5. Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk for the purpose of retaining a cash balance in connection with the payments set forth in paragraph 3 of section 1 of article VIII;

6. Add an amount per hundredweight of milk which will prorate any cash balance available pursuant to section 3 of this article; and

7. On or before the seventh day after the end of each delivery period, notify all handlers, and make public announcement of these computations, of the blended price per hundredweight which is the result, and of the Class III price.

Sec. 3. Proration of Cash Balance. For each delivery period, the Market Administrator shall prorate, by an appropriate addition pursuant to section 2 of this article, the cash balance, if any, in his hands from payments made by handlers, during the next preceding delivery period, to meet obligations arising out of paragraph 4 of section 1 of article VIII.

Sec. 4. Base Rating. The base of each producer shall be a quantity of milk for each delivery period calculated in the following manner: (a) multiply the applicable figure, if any, effective pursuant to section 5 of this article by the number of days on which such producer delivered milk during such delivery period, and, if total Class I and Class II milk exceeds the total of bases so computed, add thereto in the case of each producer who delivered milk in excess of base the percentage of his excess milk which is the percentage of total excess milk used by all handlers in Class I and Class II milk, or (b) if no figure is effective for any producer, who is not also a handler, take 85 percent of the total milk delivered by him in bulk during such delivery period.

Sec. 5. Determination for Base Rating. For the purpose of calculating, pursuant to section 4 of this article, the bases of producers, including producers who are also handlers, the Market Administrator shall determine a figure with respect to deliveries of milk in bulk to handlers by each producer as follows:

1. Effective from the effective date hereof up to and including June 30, 1936, divide the total milk deliveries in bulk to handlers during the period of time beginning with November 16, 1935, and ending with February 15, 1936, by the number of days on which deliveries were made and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the average Class I and Class II milk per day sold, during the fourth calendar quarter of the calendar year 1935, by all handlers to whom such milk was delivered;

2. Effective for each calendar quarter subsequent to June 30, 1936, divide the total milk delivered by each producer not in excess of his base during the next preceding calendar quarter by the number of days in such next preceding calendar quarter and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the average Class I and Class II milk per day sold, during the fourth calendar quarter of the next preceding calendar year by all handlers to whom such milk was delivered; and

3. At the request of any producer who is also a handler and for whom no figure is effective pursuant to paragraphs 1 and 2 of this section divide the total milk delivered by such producer in bulk to handlers, during the 3 full delivery periods, immediately preceding the date of such request, by the number of days in such 3 delivery periods. Any figure determined pursuant to this paragraph shall be effective through the full calendar quarter immediately following its determination and thereafter shall be superseded by a figure effective pursuant to paragraph 2 of this section.



## ARTICLE VIII -- PAYMENTS FOR MILK

Section 1. Time and Method of Payment. On or before the 10th day after the end of each delivery period, each handler shall make payment, after allowing for the amount of the payment made pursuant to section 2 of this article, for the total value of milk received from producers during such delivery period, computed according to section 1 of article VII, subject to the butterfat differential set forth in section 4 of this article as follows:

1. To producers, at the blended price per hundredweight computed pursuant to section 2 of article VII, subject to the differentials set forth in section 4 of this article, for that quantity of milk delivered by each producer not in excess of the base of such producer;

2. To producers, at the Class III price, for that quantity of milk delivered by each producer in excess of his base;

3. To producers, through the Market Administrator, by paying to or receiving from the Market Administrator, as the case may be, the amount by which the sums due producers pursuant to paragraphs 1 and 2 of this section are less than, or exceed, the value of milk computed for such handler pursuant to section 1 of article VIII as shown in a statement rendered by the Market Administrator on or before the 10th day after the end of such delivery period.

Sec. 2. Half-Delivery Period Payments. On or before the 25th day of each delivery period each handler shall make payment to each producer for the approximate value of milk received from such producer during the first 15 days of such delivery period.

Sec. 3. Errors in Payments. Errors in making the payments prescribed in this article shall be corrected not later than the date for making payments next following the determination of such errors.

Sec. 4. Butterfat Differential. If any producer has delivered to any handler during any delivery period milk having an average butterfat content other than 3.8 percent, such handler shall pay to each producer, for each one-tenth of one percent of average butterfat content above 3.8 percent, or shall deduct, for each one-tenth of one percent of average butterfat content below 3.8 percent, 4 cents per hundredweight.

Sec. 5. Country Station Differentials. The payments to be made to producers by handlers pursuant to section 1 of this article shall be subject to differentials as follows: With respect to the quantity of milk which corresponds to the producers' share of the Class I and Class II sales of the market in his base delivered by a producer to a handler's plant located more than 30 miles from the City Hall in Kansas City, there shall be deducted the amount per hundredweight specified for the distance of such plant from the City Hall in Kansas City as follows; not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof an additional 1-1/2 cents per hundredweight.

## ARTICLE IX -- MARKETING SERVICES

Section 1. Deductions for Marketing Services. Except as set forth in section 2, each handler shall deduct 3 cents per hundredweight from the payments made to each producer pursuant to paragraphs 1 and 2 of section 1 of article VIII with respect to all milk delivered to such handler during each delivery period by such producer and shall pay such deductions to the Market Administrator on or before the 10th day after the end of such delivery period. Such monies shall be expended by the Market Administrator for market information to, and for verification of weights, sampling and testing of milk purchased from said producers.

Sec. 2. Producers' Cooperative Associations. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act," is actually performing, as determined by the Secretary, the services set forth in section 1 of this article, each handler shall make the deductions from the payments to be made pursuant to paragraphs 1 and 2 of section 1 of article VIII which are authorized by such producers and, on or before the 10th day after the end of each delivery period, pay over such deductions to the associations of which such producers are members.

## ARTICLE X -- EXPENSE OF ADMINISTRATION

Section 1. Payments by Handlers As his pro rata share of the expense of the administration hereof, each handler shall, on or before the 10th day after the end of each delivery period, pay to the Market Administrator a sum not exceeding 2 cents per hundredweight with respect to all milk delivered to him during such delivery period by producers or an association of producers or produced by him, the exact amount to be determined by the Market Administrator subject to review by the Secretary: Provided, that each handler, which is a cooperative association of producers, shall pay such pro rata share of expense of administration only on that milk actually received from producers at any plant of such association.

Sec. 2. Suits by Market Administrator. The Market Administrator may maintain a suit in his own name against any handler for the collection of such handler's pro rata share of expense set forth in this article.

## ARTICLE XI -- EFFECTIVE TIME, SUSPENSION AND TERMINATION

Section 1. Effective Time. The provisions hereof, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated, pursuant to section 2 of this article.

Sec. 2. Suspension and Termination. Any or all provisions hereof or any amendment hereto shall be suspended or terminated as to any or all handlers after such reasonable notice as the Secretary may give, and shall, in any event, terminate whenever the provisions of the act authorizing it cease to be in effect.



Sec. 3. Effect. Unless otherwise provided by the Secretary in the notice of amendment, suspension, or termination of any or all provisions hereof, the amendment, suspension, or termination shall not: (a) affect, waive, or terminate any right, duty, obligation, or liability which shall have arisen or may thereafter arise in connection with any provisions hereof; (b) release or waive any violation hereof occurring prior to the effective date of such amendment, suspension, or termination; or (c) affect, or impair, any rights or remedies of the Secretary, or of any other person, with respect to any such violation.

Sec. 4. Continuing Power and Duty. If, upon the suspension or termination of any or all provisions hereof, there are any obligations arising hereunder, the final accrual or ascertainment of which requires further acts by any handler, by the Market Administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination; provided, that any such acts required to be performed by the Market Administrator shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

The Market Administrator, or such other person as the Secretary may designate, (a) shall continue in such capacity until discharged by the Secretary, (b) from time to time account for all receipts and disbursements and deliver all funds or property on hand, together with the books and records of the Market Administrator, or such person, to such person as the Secretary shall direct, and (c) if so directed by the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the Market Administrator or such person pursuant hereto.

Sec. 5. Liquidation after Suspension or Termination. Upon the suspension or termination of any or all provisions hereof, the Market Administrator, or such person as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the Market Administrator's office, and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid and owing at the time of such suspension or termination. Any funds collected pursuant to the provisions hereof over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the Market Administrator or such person in liquidating and distributing such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

## ARTICLE XII -- LIABILITY

Section 1. Handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

N.B. In addition to the foregoing, the following provisions are proposed to be included in a marketing agreement.

## ARTICLE XIII -- AMENDMENTS

Section 1. Proposals. Amendment of any or all provisions hereof may at any time be proposed in writing by any handler signatory hereto or by the Secretary.

Sec. 2. Notice of Proposals. Any amendment proposed in writing by any one or more handlers signatory hereto shall be deposited with the Market Administrator who shall give notice of such proposed amendment by publishing the same in a newspaper of general circulation in the Marketing Area and sending a copy of same to all handlers in the Marketing Area.

Sec. 3. Approval. Upon the written approval of three-fourths of the handlers signatory hereto who, during the next preceding delivery period, marketed three-fourths of the milk marketed within the Marketing Area, any proposed amendment of which notice has been given pursuant to section 2 of this article shall become effective at such time as the Secretary may declare with or without public hearing as the Secretary may determine; provided, that no such amendment shall become effective without public hearing if one-sixth of the handlers signatory hereto who, during the next preceding delivery period, marketed one-sixth of the milk marketed within the Marketing Area by all handlers signatory hereto object in writing to such amendment.

## ARTICLE XIV -- ANTI-TRUST LAWS

Section 1. Anti-trust Laws. Any exemption from the anti-trust laws and any validation of any acts or things, which otherwise would have been unlawful, resulting from the execution of this Agreement by the Secretary, shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this Agreement.

## ARTICLE XV -- DURATION OF IMMUNITIES

Section 1. Duration of Immunities. The benefits, privileges, and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done under and during the existence of this Agreement, and benefits, privileges, and immunities conferred by this Agreement upon any parties signatory hereto shall cease upon its termination as to such party, except with respect to acts done under and during the existence of this Agreement.

## ARTICLE XVI -- AGENTS

Section 1. Agents. The Secretary may, by a designation in writing, name any person (not a party to this Agreement) including any officer or employee of the Government, or name any bureau or division in the Department of Agriculture, to act as his agent or representative in connection with any of the provisions of this Agreement.



ARTICLE XVII -- ORDER WITH MARKETING AGREEMENT

Section 1. Request for Order. Each signatory handler hereby requests the Secretary to issue an Order pursuant to the act regulating the handling of milk in the Marketing Area, in the same manner as provided in this Agreement.

ARTICLE XVIII -- ADDITIONAL PARTIES AND COUNTERPARTS

Section 1. Counterparts. This Agreement may be executed in multiple counterparts, and when one counterpart is signed by the Secretary all such counterparts shall constitute, when taken together, one and the same instrument as if all such signatures were obtained in one original.

Sec. 2. Additional Parties. After this Agreement first takes effect, any handler may become a party to this Agreement if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect, as to such handler, at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this Agreement shall then be effective as to such handler.

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Docket No. A-92  
O-92

Notice of Hearing signed by the  
Secretary of Agriculture  
March 7, 1939

UNITED STATES DEPARTMENT OF AGRICULTURE  
DIVISION OF MARKETING AND MARKETING AGREEMENTS

MAR 16 1939  
U. S. Department of Agriculture

PROPOSED AMENDED PROVISIONS OF ORDER NO. 13 AND OF THE  
TENTATIVELY APPROVED MARKETING AGREEMENT, REGULATING  
THE HANDLING OF MILK IN THE KANSAS CITY, MISSOURI  
MARKETING AREA, UPON WHICH THE SECRETARY OF AGRICULTURE  
HAS ISSUED NOTICE OF HEARING UNDER THE AGRICULTURAL  
MARKETING AGREEMENT ACT OF 1937

The Pure Milk Producers Association of Greater Kansas City has presented to the Secretary a petition for public hearing to amend the tentatively approved marketing agreement and Order No. 13, regulating the handling of milk in the Kansas City, Missouri, marketing area. The proposed amended provisions of such tentatively approved marketing agreement and of such order set forth below have been suggested by the above association of producers.

The Agricultural Marketing Agreement Act of 1937 authorizes the Secretary of Agriculture, after due notice of and opportunity for hearing, to amend marketing agreements and orders regulating the handling of milk. On December 1, 1936, Order No. 13 became effective. On August 17, 1936, the Secretary gave his tentative approval to a marketing agreement regulating the handling of milk in the Kansas City, Missouri, marketing area, which marketing agreement the handlers have failed or refused to sign.

In response to the petition of the above named producers' association, the Secretary of Agriculture has issued notice of a hearing to be held at the United States District Court, Room 503, Irving Pitt Building, 816 Locust St., Kansas City, Missouri, beginning at 10:00 a.m., c.s.t., March 16, 1939. At the above time and place opportunity will be given for interested parties to present evidence with respect to each of the proposed amended provisions, which are to be considered as applying alike to Order No. 13 and to the marketing agreement tentatively approved August 17, 1936. It is suggested that the interests of each party will be best served by a concise presentation of relevant facts in his possession, which he feels the Secretary of Agriculture should have in the record of the public hearing upon which to base a decision regarding each of such proposed amended provisions, reserving his arguments for filing in written form at the close of the hearing. Handlers will have the opportunity to sign a marketing agreement embodying the same terms as Order No. 13 with such amendments as may be determined from this hearing. If, upon the facts in the record, the Secretary of Agriculture decides that he should amend Order No. 13 the content of such amendment will be made known to producers and their approval or disapproval of the amendment determined.



The publication of the proposed amended provisions of the tentatively approved marketing agreement and of Order No. 13 in the form set forth below is for the convenience of interested parties and is not to be considered as in any way signifying their approval by the Secretary of Agriculture.

Section 2. Definitions. (a) Terms. The following terms shall have the following definitions:

(1) The term "Kansas City, Missouri, marketing area", hereinafter called the "marketing area" means the territory within the corporate limits of the city of Kansas City, Missouri and all territory within a radius of 5 miles of the corporate limits of Kansas City, Missouri excepting that territory lying within the corporate limits of Kansas City, Kansas.

(2) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(3) The term "producer" means any person who delivers milk to a handler's plant and who produces milk in conformity with the health regulations of the city of Kansas City, Missouri, under a permit issued by the health department of said city: Provided, That if such a producer has not regularly sold milk to a handler for a period of 30 days prior to the effective date hereof but during such period has begun or hereafter begins the regular delivery of milk to a handler, he shall be known as a "new producer" for a period beginning with the date of his first delivery of milk and including the first two full calendar months following the date of such first delivery to a handler after which he shall be known as a producer. If a producer voluntarily ceases to deliver milk to a handler's plant for a period of 30 days or more and thereafter begins to deliver milk to a handler's plant he shall be considered as a new producer.

(4) The term "handler" means any person who, on his own behalf or on behalf of others, purchases or receives milk from producers, associations of producers, or other handlers, all or a portion of which milk is sold as milk or cream in the marketing area; and who, on his own behalf or on behalf of others, engages in such handling of milk as is in the current of interstate commerce or which directly burdens, obstructs, or affects interstate commerce in milk and its products. This definition shall be deemed to include a cooperative association of producers with respect to any milk not desired by handlers for use as milk in the marketing area which it causes to be diverted to a plant at which it is converted into a milk product.

(5) The term "market administrator" means the person designated pursuant to Sec. 2 as the agency for the administration hereof.

(6) The term "delivery period" means the current marketing period from the first to, and including, the last day of each month.

(7) The term "base" is the quantity of milk calculated for each producer pursuant to Sec. 7(d).

(8) The term "act" means Public Act No. 10. 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937.

(9) The "Secretary" means the Secretary of Agriculture of the United States.

Sec. 2 Market administrator. (a) Designation. The agency for the administration hereof shall be a market administrator who shall be a person selected by the Secretary. Such person shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

(b) Powers. The market administrator shall:

(1) Administer the terms and provisions hereof; and

(2) Report to the Secretary complaints of violation of the provisions hereof.

(c) Duties. The market administrator shall:

(1) Within 45 days following the date upon which he enters upon his duties, execute and deliver to the Secretary a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary;

(2) Pay, out of the funds provided by Sec. 10, the cost of his bond, his own compensation, and all other expenses necessarily incurred in the maintenance and functioning of his office;

(3) Keep such books and records as will clearly reflect the transactions provided for herein, and surrender the same to his successor or to such other person as the Secretary may designate;

(4) Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, within 10 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to Sec. 5 or (b) made payments pursuant to Sec. 8; and

(5) Promptly verify the information contained in the reports submitted by handlers.

Sec. 3 Classification of milk. (a) Class definitions. Milk received by each handler, including milk produced by him, if any, shall be classified by the market administrator as follows:



(1) Class I milk shall be all milk sold or given away in the form of milk, except as provided in subparagraph (3) of this paragraph, and all milk not accounted for as Class II or Class III milk.

(2) Class II milk shall be all milk used to produce cream which is sold or given away in the form of cream, except as provided in subparagraph (3) of this paragraph; and all milk used to produce flavored milk, cottage cheese, and buttermilk, providing, that the milk from which only the skimmed milk is used in the production of the above products shall not be included as Class II milk.

(3) Class III milk shall be all milk sold for exclusive bakery and candy-making purposes and starter for butter and oleomargarine manufacture; and all milk used to produce the following milk products: ice cream mix which is used only for the manufacture of ice cream, butter, evaporated and condensed milk, and cheese other than cottage cheese; and plant shrinkage;

(b) Plant returns of bottled raw milk. If any handler, during any delivery period, has plant returns of bottled raw milk, such milk shall be classified as Class III milk unless such milk was used in Class II by such handler in which event such milk shall be classified as Class II milk, and such milk shall be included in the computations pursuant to Sec. 7(a). In computing the total value of milk for each handler, such handler shall be debited for such milk at the Class II price or the Class III price provided in Sec. 4(a), as the case may be, and such handler shall be credited for such milk at a blended price computed as follows: Multiply the total Class II sales in the marketing area by the Class II price and the total Class III sales in the marketing area by the Class III price and divide the sum of money obtained by the total quantity of Class II and Class III milk in the marketing area.

(c) Interhandler and nonhandler sales. Milk sold or delivered by a handler to another handler, and milk sold by a handler to a person who is not a handler but who manufactures milk products, shall be classified as Class I milk: Provided, That if the selling handler on or before the 5th day after the end of the delivery period furnishes to the market administrator a statement which is signed by the buyer and seller that such milk was disposed of as Class II milk or Class III milk, such milk shall be classified accordingly, subject to verification by the market administrator. All milk sold by a handler to a person who is not a handler shall be classified as Class I milk if any portion of such milk is classified as Class I milk. All cream sold by a handler to a person who is not a handler shall be classified as Class II milk if any portion of such cream is classified as Class II milk.

Sec. 4 Minimum prices. (a) Class prices. Except as set forth in paragraph (c) of this section, each handler shall pay, at the time and in the manner set forth in Sec. 8, not less than the following prices for milk received at such handler's plant:

Class I milk - \$2.40 per hundredweight.

Class II milk - \$2.05 per hundredweight.

Class III milk - The price per hundredweight which shall be calculated by the market administrator as follows: Multiply by 3.8 the average price per pound of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture, for the delivery period during which such milk is delivered, and add 25 cents.

(b) Differential butterfat in Class II. If any handler uses differential butterfat for Class II purposes, the market administrator shall add to the total value computed pursuant to Sec. 7(a) the difference between (a) the value of such butterfat (converted to 3.8 percent milk equivalent) at the Class II price, and (b) the value of such butterfat at the butterfat differential as provided in Sec. 8(b).

(c) Sales outside the marketing area. The prices to be paid to producers by a handler for milk sold outside the marketing area shall be the prices set forth in paragraph (a) and paragraph (b), hereof unless in lieu of said prices 75 percent of the producers, in volume or by number, by themselves or through their representatives, and with the approval and consent of the market administrator, enter into an agreement with handlers purchasing milk on other prices applicable thereto.

Sec. 5 Reports of handlers. (a) Periodic reports. On or before the 5th day after the end of each delivery period each handler shall, with respect to milk or cream which was, during such delivery period, (a) received from producers, and new producers, (b) received from handlers, and (c) produced by such handler, report to the market administrator, in the detail and form prescribed by him, as follows:

(1) The receipts at each plant from producers, and new producers, who are not handlers;

(2) The receipts at each plant from any other handler, including any handler who is also a producer;

(3) The quantity, if any, produced by such handler; and

(4) The respective quantities of milk which were sold, distributed, or used, including sales to other handlers, for the purposes of classification pursuant to Sec. 3.



(b) Reports as to producers. Each handler shall report to the market administrator:

(1) Within 10 days after the market administrator's request, with respect to any producer and new producer for whom such information is not in the files of the market administrator, and with respect to a period or periods of time designated by the market administrator, (a) the name and address, (b) the total pounds of milk delivered, (c) the average butterfat test of milk delivered, and (d) the number of days upon which deliveries were made; and

(2) As soon as possible after first receiving milk from any producer or new producer, (a) the name and address of such producer or new producer, (b) the date upon which such milk was first received, and (c) the plant at which such producer or new producer delivered milk.

(c) Reports of payments to producers. Upon the request of the market administrator each handler shall submit to the market administrator on or before the 20th day after the end of each delivery period his producer pay roll for such delivery period which shall show for each producer (a) the net amount of such producer's payment with the prices, deductions, and charges involved, and (b) the total delivery of milk with the average butterfat test thereof.

(d) Verification of reports. In order that the market administrator may submit verified reports to the Secretary pursuant to Sec. 2(c)(5), each handler shall permit the market administrator or his agent, during the usual hours of business, to (a) verify the information contained in reports submitted in accordance with this section, and (b) weigh milk delivered by each producer and sample and test milk for butterfat.

Sec. 6 Handlers who are also producers. (a) With respect to each handler who is also a producer:

(1) The market administrator shall, before making the computations set forth in Sec. 7, (a) exclude the milk purchased by him in each class from other handlers, (b) exclude from his remaining Class I and Class II milk up to but not exceeding 95 percent of the quantity of milk produced and sold by him, and (c) exclude from his remaining Class III milk the balance of the milk produced and sold by him.

(2) The market administrator shall consider as Class III milk any milk or cream sold in bulk by any such handler or by a producer who distributes part of his own production, to another handler operating a bottling or processing plant except as provided in Sec. 7(d)(4). If such buying handler uses or sells such milk or cream for other than Class III purposes, the market administrator shall add to the total value computed pursuant to Sec. 7(a) of the difference between

(a) the value of such milk or cream at the Class III price and (b) the value according to its actual usage.

Sec. 7 Determination of uniform prices to producers. (a) Computation of value of milk for each handler. For each delivery period the market administrator shall compute, subject to the provisions of Sec. 6, the value of milk sold or used by each handler, which was not purchased from other handlers, by (a) multiplying the quantity of such milk in each class by the price applicable pursuant to Sec. 4 and (b) adding together the resulting value of each class.

(b) Computation and announcement of uniform prices. The market administrator shall compute and announce the uniform prices per hundredweight of milk delivered during each delivery period as follows:

(1) Combine into one total the respective values of milk, computed pursuant to paragraph (a) of this section, for each handler who made the reports prescribed by Sec. 5 and who made the payments prescribed by Sec. 8 for milk received during the previous delivery period;

(2) Subtract the total quantity of milk provided in Sec. 3(b) and add or subtract, as the case may be, the total of payments required to be made for such delivery period by Sec. 3(b);

(3) Subtract the total sum due producers pursuant to Sec. 8(a)(2);

(4) Subtract the total sum due new producers pursuant to Sec. 8(a)(3);

(5) Add the amount of cash in the producer-settlement fund;

(6) Divide the total quantity of milk which is not in excess of the bases of producers and which is included in these computations;

(7) Subtract not less than 4 cents nor more than 5 cents per hundredweight of milk to provide against the contingency of errors in reports and payments, or of delinquencies in payments by handlers. This result shall be known as the uniform price for such delivery period for base milk containing 3.8 percent butterfat received from producers at handlers' plants in the marketing area; and

(8) On or before the 8th day after the end of each delivery period, notify all handlers, and make public announcement of these computations, of the uniform price per hundredweight to be paid for base milk, and of the Class III price.

(c) Base rating. The base of each producer shall be a quantity of milk for each delivery period calculated in the following manner: (a) multiply the applicable figure, effective pursuant



to paragraph (d) of this section by the number of days on which such producer delivered milk during such delivery period, (b) if the total Class I and Class II milk exceeds the total of base so computed, add thereto, in the case of each producer for whom a figure is effective pursuant to paragraph (d) of this section and who delivered milk in excess of base, the percentage of his excess milk which is the percentage of the total of such excess milk used by all handlers as Class I and Class II milk.

(d) Determination for base rating. For the purpose of calculating, pursuant to paragraph (c) of this section, the bases of producers, including producers who are also handlers, the market administrator shall determine a figure with respect to deliveries of milk in bulk to handlers by each producer as follows:

(1) Effective up to and including June 30, 1936, divide the total milk deliveries in bulk to handlers during the period of time beginning with November 16, 1935, and ending with February 15, 1936, by the number of days on which deliveries were made and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the daily average Class I and Class II milk sold during the 4th calendar quarter of the calendar year 1935, by all handlers to whom such milk was delivered;

(2) Effective for each calendar quarter subsequent to June 30, 1936, divide the total milk delivered by each producer not in excess of his base during the next preceding calendar quarter by the number of days on which such producer delivered milk and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the daily average Class I and Class II milk sold during the 4th calendar quarter of the next preceding calendar year by all handlers to whom such milk was delivered;

(3) When a new producer, as defined in Sec. 1(a)(3), has become a producer his daily base allotment shall be calculated as follows: Divide the total quantity of milk delivered by him in bulk during the period when he receives the Class III price pursuant to Sec. 8(a)(3) by the number of days which he has delivered milk during such period, and take a percentage of such figure which is obtained by dividing the total Class I and Class II milk in the marketing area by the total milk delivered during such period. Any figure determined pursuant to this subparagraph shall be effective from its determination until the end of the full calendar quarter next following and thereafter shall be superceded by a figure effective pursuant to subparagraph (2) of this paragraph;

(4) At the request of any producer who distributes the milk he produces and for whom no figure is effective pursuant to subparagraphs (1) and (2) of this paragraph, divide the total milk delivered by such producer

in bulk to handlers, during the 3 full delivery periods, immediately succeeding the date of such request, by the number of days in such 3 delivery periods. Any figure determined pursuant to this paragraph shall be effective through the full calendar quarter immediately following its determination and thereafter shall be superseded by a figure effective pursuant to subparagraph (2) of this paragraph; and

(5) In the case of a producer who distributes the milk he produces and who sells all or a part of his delivery routes to a handler the market administrator shall determine a figure which is the average daily Class I and Class II milk produced and sold by such producer during the previous 3 months which such producer and such handler jointly report as involved in the deal and which the market administrator verifies. Any figure determined pursuant to this subparagraph shall be effective from its determination until the end of the full calendar quarter next following and thereafter shall be superseded by a figure effective pursuant to subparagraph (2) of this paragraph.

Sec. 8 Payments for milk. (a) Time and method of payment. On or before the 10th day after the end of each delivery period, each handler shall make payment, after allowing for the amount of the payment made pursuant to paragraph (b) of this section, for not less than the total value of milk received from producers during such delivery period, computed according to Sec. 7(a), subject to butterfat and country station differentials, set forth in paragraph (c) and (d), respectively, of this section, as follows:

(1) To producers, at the uniform price per hundredweight computed pursuant to Sec. 7(b), for that quantity of milk delivered by each producer not in excess of the base of such producer;

(2) To producers, at the Class III price, for that quantity of milk delivered by each producer in excess of his base; and

(3) To each new producer as defined in Sec. 1(a) (3) at the Class III price for that quantity of milk delivered.

(b) Half-delivery period payments. On or before the 25th day of each delivery period each handler shall make payment to each producer, and each new producer, for the approximate value of milk received from such producer and new producer during the first 15 days of such delivery period.

(c) Butterfat differential. If any producer has delivered to any handler during any delivery period milk having an average butterfat content other than 3.8 percent, such handler shall pay to each producer, for each one-tenth of 1 percent of average butterfat content above 3.8 percent, or shall deduct, for each one-tenth of 1 percent of average butterfat content below 3.8 percent, 4 cents over the average price of 92-score butter at wholesale in the Chicago market divided by 10, per hundredweight.



(d) Country station differentials. If any producer has delivered milk to any handler's plant located more than 30 miles from the City Hall in Kansas City, such handler may deduct, with respect to all milk delivered to such plant up to but not exceeding the amount per hundredweight specified for the distance of such plant from the City Hall in Kansas City as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof an additional 1-1/2 cents per hundredweight.

(e) Producer-settlement fund. The market administrator shall establish and maintain a separate fund known as "the producer-settlement fund" into which he shall deposit all payments made by handlers pursuant to paragraphs (f) and (h) of this section and out of which he shall make all payments to handlers pursuant to paragraphs (g) and (h) of this section.

(f) Payments to the producer-settlement fund. Each handler shall on or before the 10th day after the end of each delivery period pay to the market administrator for payment to producers through the producer-settlement fund the amount by which the total value of the milk received by him from producers during the delivery period is greater than the amount which he has paid to producers and new producers pursuant to paragraph (a) of this section.

(g) Payments out of producer-settlement fund. On or before the 10th day after the end of each delivery period the market administrator shall remit to each handler for payment to producers the amount, if any, by which the total value of milk received from producers by such handler is less than the amount which he has paid to producers and new producers pursuant to paragraph (a) of this section. If at such time the balance in the producer-settlement fund is insufficient to make all payments due to such handler, the market administrator shall reduce uniformly the payments made to each handler and shall complete such payments as soon as the necessary funds are available. No handler who, on the 10th day after the end of each delivery period has not received the balance of such reduced payments from the market administrator shall be deemed to be in violation of paragraph (a) of this section if he reduces his payments to producers by not more than the amount of the reduction in payment from the producer-settlement fund.

(h) Adjustments of errors in payments. Whenever verification by the market administrator of reports or payments of any handler discloses errors made in payments to or from the producer-settlement fund, the market administrator shall promptly bill such handler for any unpaid amount, and such handler shall, within 5 days, make payment to the market administrator of the amount so billed. Whenever verification discloses that payment is due from the market administrator to any handler the market administrator shall, within 5 days, make such payment to such handler. Whenever verification by the market administrator of the payment to any producer for milk delivered

to any handler discloses payment to such producer of less than is required by this section, the handler shall make up such payment to the producer not later than the time of making payment next following such disclosure.

Sec. 9 Marketing services. (a) Deductions for marketing services. Except as set forth in paragraph (b), each handler shall deduct 3 cents per hundredweight from the payments made to each producer pursuant to subparagraphs (1) and (2) of paragraph (a) of Sec. 8 with respect to all milk delivered to such handler during each delivery period by such producer and shall pay such deductions to the market administrator on or before the 10th day after the end of such delivery period. Such monies shall be expended by the market administrator for market information to, and for verification of weights, sampling and testing of milk purchased from said producers.

(b) Producers' cooperative associations. In the case of producers for whom a cooperative association, which the Secretary determines to be qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act," is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section, each handler shall make the deductions from the payments to be made pursuant to subparagraphs (1) and (2) of paragraph (a) of Sec. 8 which are authorized by such producers and, on or before the 10th day after the end of each delivery period, pay over such deductions to the associations of which such producers are members.

Sec. 10 Expense of administration. (a) Payment of handlers. As his pro-rata share of the expense of administration hereof, each handler, with respect to all milk received from producers or an association of producers during the delivery period, shall pay to the market administrator on or before the 10th day after the end of the delivery period that amount per hundredweight, subject to review by the Secretary and not to exceed 2 cents per hundredweight, which is announced on or before the 8th day after the end of such delivery period by the market administrator.

Sec. 11 Amendment, suspension or termination. (a) Effect of amendment, suspension, or termination. The amendment, suspension, or termination of any or all of the provisions of this instrument shall not affect, waive, or terminate any right, duty, obligation, violation, or liability which shall have arisen, or may thereafter arise, in connection with any of the provisions herein.

(b) Power of the market administrator to liquidate. Upon the suspension or termination of this instrument, the powers and duties of the market administrator shall be continued for the purpose of permitting the market administrator then functioning, or such other person as the Secretary may designate, to: (1) reduce all assets to cash, (2) pay all costs of liquidation, (3) distribute all remaining cash on hand to the parties entitled to receive the same and (4) ship all books and records to the Secretary for filing.



Sec. 12 Liability. (a) Handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

M. B. In addition to the foregoing, the following provisions are proposed to be included in a marketing agreement.

Sec. 13 Amendments. (a) Proposals. Amendment of any or all provisions hereof may at any time be proposed in writing by any handler signatory hereto by the Secretary. Any amendment proposed in writing by any one or more handlers signatory hereto shall be deposited with the market administrator who shall promptly mail the same to the Chief of the Dairy Section, Division of Marketing and Marketing Agreements, United States Department of Agriculture, Washington, D. C.

Sec. 14 Antitrust laws. (a) Antitrust laws. Any exemption from the antitrust laws and any validation of any acts or things which otherwise would have been unlawful, resulting from the execution of this agreement by the Secretary, shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this agreement.

Sec. 15 Duration of immunities. (a) Duration of immunities. The benefits, privileges, and immunities conferred by virtue of this agreement shall cease upon its termination, except with respect to acts done under and during the existence of this agreement, and the benefits, privileges, and immunities conferred by this agreement upon any parties signatory hereto shall cease upon its termination as such party, except with respect to acts done under and during the existence of this agreement.

Sec. 16 Agents. (a) Agents. The Secretary may, by a designation in writing, name any person (not a party to this agreement), including any officer or employee of the United States Government, or name any bureau or division of the Department of Agriculture, to act as his agent or representative in connection with any of the provisions of this agreement.

Sec. 17 Additional parties and counterparts. (a) Additional parties. After this agreement first takes effect, any handler may become a party to this agreement if a counterpart thereof is executed by him and by the Secretary. This agreement shall take effect, as to such handler, at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this agreement shall then be effective as to such handler.

(b) Counterparts. This agreement may be executed in multiple counterparts, and when one counterpart is signed by the Secretary all such counterparts shall constitute, when taken together, one and the same instrument, as if all such signatures were obtained in one original.

UNITED STATES DEPARTMENT OF AGRICULTURE  
DIVISION OF MARKETING AND MARKETING AGREEMENTS  
Washington, D. C.

NOTICE OF HEARING WITH RESPECT TO A PROPOSAL TO AMEND THE TENTATIVELY APPROVED MARKETING AGREEMENT AND ORDER NO. 13 REGULATING THE HANDLING OF MILK IN THE KANSAS CITY, MISSOURI, MARKETING AREA.

WHEREAS, under section 8 c of Title I of Public Act No. 10, 73d Congress, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, the Secretary of Agriculture, hereinafter called the "Secretary", issued an order regulating the handling of milk in the Kansas City, Missouri, marketing area, effective December 1, 1936; and

WHEREAS, the Secretary, on June 13, 1936, tentatively approved a marketing agreement regulating the handling of milk in the said area; and

WHEREAS, the Pure Milk Producers Association of Greater Kansas City has proposed certain amendments to said tentatively approved marketing agreement and said order; and

WHEREAS, the Secretary has reason to believe that an amendment of said tentatively approved marketing agreement and said order will tend to effectuate the declared policy of Public Act No. 10, 73d Congress, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937; and

WHEREAS, under the aforesaid act, notice of hearing is required in connection with a proposal to amend an order, and the General Regulations, Series A, No. 1, as amended, of the Agricultural Adjustment Administration, United States Department of Agriculture, provide for notice and opportunity for hearing upon amendments to marketing agreements and orders;

NOW, THEREFORE, pursuant to said act and general regulations, notice is hereby given of a hearing to be held on said proposals to amend the tentatively approved marketing agreement and Order No. 13 regulating the handling of milk in the Kansas City, Missouri, marketing area at the United States District Court Room, 503 Irving Pitt Building, 816 Locust Street, Kansas City, Missouri, at 10:00 a.m., c.s.t., on March 16, 1939.

This public hearing is for the purpose of receiving evidence as to the necessity for (1) redefining the marketing area, (2) revising the classification of milk, (3) classifying the method of computation of the value of milk of each handler, (4) clarifying the butterfat differential, (5) clarifying the receiving station allowance, (6) clarifying the base rating provisions, and (7) making certain changes in the wording of said agreement and said order for the purpose of more effective administration thereof.

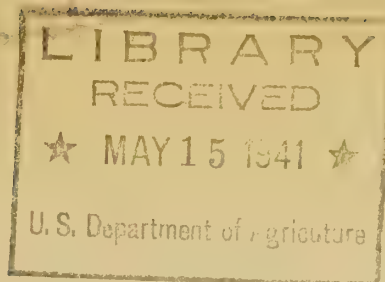


Copies of the proposed amendments to the said tentatively approved marketing agreement and the said order may be obtained from the Hearing Clerk, Office of the Solicitor, Room 0316, South Building, United States Department of Agriculture, Washington, D. C., and said proposed amendments may be inspected in said Room 0316, South Building.

/s/ H. A. WALLACE  
Secretary of Agriculture

Dated: March 7, 1939  
Washington, D. C.

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Kansas City, Mo.



Docket No. AO 23-A 2

UNITED STATES DEPARTMENT OF AGRICULTURE  
SURPLUS MARKETING ADMINISTRATION  
DAIRY DIVISION

NOTICE OF HEARING WITH RESPECT TO A PROPOSAL TO  
AMEND THE TENTATIVELY APPROVED MARKETING AGREE-  
MENT, AS AMENDED, AND ORDER NO. 13, AS AMENDED,  
REGULATING THE HANDLING OF MILK IN THE KANSAS  
CITY, MISSOURI, MARKETING AREA, INCLUDING  
AMENDMENTS TO THE MARKETING AREA TO INCLUDE THE  
COUNTIES OF JACKSON, CLAY AND PLATTE IN MISSOURI;  
THE COUNTY OF WYANDOTTE IN KANSAS; THE TOWNSHIPS  
OF MISSION, SHAWNEE, MONTICELLO, OLATHE, AND  
OXFORD IN JOHNSON COUNTY, KANSAS; DELAWARE  
TOWNSHIP IN THE CITY OF LEAVENWORTH, KANSAS; AND  
PART OF KICKAPOO AND HIGH PRAIRIE TOWNSHIPS IN  
LEAVENWORTH COUNTY, KANSAS.

Notice is hereby given of a hearing to be held in Room 664, U. S. Court House, 811 Grand Avenue, Kansas City, Missouri, beginning at 10:00 a.m., c.s.t., May 14, 1941, on proposed amendments to the tentatively approved marketing agreement, as amended, and to Order No. 13, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area.

This notice is given pursuant to the provisions of Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and of the General Regulations, Series A, No. 1, as amended, of the Agricultural Adjustment Administration, United States Department of Agriculture.

Proposed amendments have been submitted by the Pure Milk Producers Association of Greater Kansas City and the Bates County Milk Producers Association, and this public hearing is for the purpose of receiving evidence with respect to such proposed amendments (1) revising the definition of the marketing area to read as follows: "The term 'Kansas City, Missouri, marketing area', hereinafter called the 'marketing area', means all territory within Jackson, Clay, and Platte Counties in the State of Missouri; all the territory in Wyandotte County, Kansas; all the territory within the following townships; Mission, Shawnee, Monticello, Olathe, and Oxford in Johnson County, Kansas; all the territory in Delaware Township, in the city of Leavenworth, and in that part



of Kickapoo and High Prairie Townships lying east of the 95th principal meridian in Leavenworth County in the State of Kansas"; (2) changing the definitions of "producer" and "handler"; (3) redefining the classification of milk; (4) providing for the pricing of Class I and Class II milk sold outside the marketing area; (5) amending the provisions calling for reports of handlers; (6) changing the relationship of producer-handlers to the equalization pool; (7) amending the provisions relating to the computation of the uniform price; (8) providing for a base rating plan and rules for the administration thereof; (9) changing the method and time of payment for milk by handlers; and (10) amending the provision providing for location differentials.

It is hereby declared that an emergency exists in the handling of milk in the aforesaid area which requires a shorter period of notice than fifteen (15) days; and it is hereby determined that the period of notice given is reasonable under the circumstances.

Copies of the proposed amendments may be obtained from the Hearing Clerk, Office of the Solicitor, United States Department of Agriculture, Washington, D. C., in Room 0310, South Building, or may be there inspected.

/s/ Paul H. Appleby

Acting Secretary of Agriculture

Dated: May 8, 1941

Washington, D. C.

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Kansas City, Mo.  
Docket No. AO 23-42

Notice of hearing signed by the  
Secretary of Agriculture  
, 1941.

UNITED STATES DEPARTMENT OF AGRICULTURE  
SURPLUS MARKETING ADMINISTRATION  
Dairy Division

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U. S. Department of Agriculture

PROPOSED AMENDED PROVISIONS OF ORDER NO. 13, AS AMENDED, AND OF THE TENTATIVELY APPROVED MARKETING AGREEMENT, AS AMENDED, REGULATING THE HANDLING OF MILK IN THE KANSAS CITY, MISSOURI, MARKETING AREA, UPON WHICH THE SECRETARY OF AGRICULTURE HAS ISSUED NOTICE OF HEARING UNDER THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937.

The Pure Milk Producers Association of Greater Kansas City and the Bates County Milk Producers Association presented to the Secretary a petition for public hearing to amend the tentatively approved marketing agreement, as amended, and Order No. 13, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area. The Leavenworth Milk Producers Association, representing approximately 90 percent of the milk sold in Leavenworth, joins in the request to extend the marketing area to cover the Leavenworth market. With the exception of the proposal to amend location differentials, the proposed amended provisions of such tentatively approved marketing agreement, as amended, and of such order, as amended, set forth below, have been suggested jointly by the above associations of producers. The amendment to the location differential provisions was proposed by the Pure Milk Producers Association of Greater Kansas City.

The Agricultural Marketing Agreement Act of 1937 authorizes the Secretary of Agriculture, after due notice of and opportunity for hearing, to amend marketing agreements and orders regulating the handling of milk. On September 1, 1939, Order No. 13, as amended, became effective. On July 26, 1939, the Secretary gave his tentative approval to a marketing agreement, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area, which marketing agreement the handlers have failed or refused to sign.

In response to the petition of the above-named producers' associations, the Secretary of Agriculture has issued notice of a hearing to be held in Room 664, U. S. Court House, 811 Grant Avenue, Kansas City, Missouri, beginning at 10:00 a.m., c.s.t., May 14, 1941. At the above time and place opportunity will be given for interested parties to present evidence with respect to each of the proposed amended provisions, which are to be considered as applying alike to Order No. 13, as amended, and to the marketing agreement, as amended, tentatively approved July 26, 1939. It is suggested that the interests of each party will be best served by a concise presentation of relevant facts in his possession, which he feels the Secretary of Agriculture should have in the record of the public hearing upon which to base a



decision regarding each of such proposed amended provisions, reserving his arguments for filing in written form at the close of the hearing. Handlers will have the opportunity to sign a marketing agreement embodying the same terms as Order No. 13, as amended, with such amendments as may be determined from this hearing. If, upon the facts in the record, the Secretary of Agriculture decides that he should amend Order No. 13, as amended, the content of such amendment will be made known to producers and their approval or disapproval of the amendment determined.

The publication of the proposed amended provisions of the tentatively approved marketing agreement, as amended, and of Order No. 13, as amended, in the form set forth below is for the convenience of interested parties and is not to be considered as in any way signifying their approval by the Secretary of Agriculture.

1. Delete subparagraphs (1), (3), and (4) of Sec. 913.1(a) and substitute therefor the following:

(1) The term "Kansas City, Missouri, marketing area," herein-after called the "marketing area," means all territory within Jackson, Clay, and Platte Counties in the State of Missouri; all the territory in Wyandotte County, Kansas; all the territory within the following townships: Mission, Shawnee, Monticello, Olathe, and Oxford in Johnson County, Kansas; all the territory in Delaware Township, in the city of Leavenworth, and in that part of Kickapoo and High Prairie Townships lying east of the 95th principal meridian in Leavenworth County in the State of Kansas.

(3) The term "producer" means any person, who, conformity with the health regulations of any of the following cities: Kansas City, Missouri; Independence, Missouri; Excelsior Springs, Missouri; Kansas City, Kansas; Leavenworth, Kansas; and/or the Missouri State Board of Health, the Kansas State Board of Health, under a permit issued by the proper health authority of said cities or State boards of health produces milk which is received by a handler, irrespective of whether received by said handler in bulk or in containers. Provided, That if any producer did not regularly sell milk during a period of 30 days next preceding the effective date of this order for consumption in the area covered thereby he shall be known as a new producer for a period beginning with the date of his first delivery of milk and including the first 2 full calendar months of regular delivery following the date of first delivery to a handler, after which he shall be known as a "producer." This definition shall be deemed to include any such person who produces milk which a cooperative association or handler causes to be delivered to a plant from which no milk or cream is disposed of in the marketing area.

(4) The term "handler" means any person who, on his own behalf or on behalf of others disposes of in the marketing area all or a portion of the milk as Class I or Class II milk which is produced by himself, purchased or received from producers, associations, or other handlers. This definition shall be deemed to include any cooperative association or handler with respect to the milk of any producer which it causes to be delivered to a plant from which no milk or cream is disposed of in the

marketing area for the account of such cooperative association or handler and for which such cooperative association or handler collects payments. Except for purposes of reporting to the market administrator, the provisions of this order shall be applicable only to handlers who purchase or receive milk from producers in bulk.

2. Add the term "new producer" and appropriate references thereto wherever needed from Section 913.1 through Sec. 913.10, both inclusive.

3. Delete paragraphs (a) and (b) of Sec. 913.3 and substitute therefor the following:

Sec. 913.3 Classification of milk. (a) Basis of classification Milk received by each handler, including milk produced by him, if any, and milk of a producer which a handler causes to be delivered to a plant from which no milk or cream is disposed of in the marketing area shall be classified by the market administrator in the classes set forth in paragraph (b) of this section.

(b) Classes of utilization. The classes of utilization of milk shall be as follows:

(1) Class I milk shall be all milk disposed of in the form of milk containing more than 1 percent of butterfat, irrespective of whether under the legal standard for milk.

(2) Class II milk shall be all milk, except skim milk, used to produce cream, which is disposed of in the form of cream, flavored milk, creamed cottage cheese, creamed buttermilk, products sold in the form of cream testing less than 18 percent butterfat, aerated cream, eggnog, and all other milk not accounted for in Class I and Class III.

(3) Class III milk shall be all milk disposed of to produce butter cheese (except creamed cottage cheese), evaporated milk, condensed milk, ice cream, whole powdered milk, for starter churning, wholesale baking and candy-making purposes, accounted for salvage from products where the recovery of fat is impossible, and all milk accounted for as plant shrinkage, but such shrinkage not to exceed 3 percent of the total receipts of milk.

4. Delete Sec. 913.4(b) and substitute therefor the following:

(b) Sales outside the marketing area. The prices to be paid by handlers for Class I milk and Class II milk disposed of during the delivery period in territory outside the limits of the marketing area, in lieu of prices otherwise applicable pursuant to paragraph (a) of this section, shall be, as ascertained by the market administrator, such prices as were paid to farmers in the market where such milk was disposed of for milk of equivalent use. It is further provided if no milk is purchased from farmers in the area in which the milk is sold, the market administrator



shall apply the prices being paid for milk of similar use, grade, and quality in the nearest market where milk is purchased from farmers.

5. Delete Sec. 913.5 and substitute therefor the following:

Sec. 913.5 Report of handlers. (a) Submission of reports. Each handler shall report to the market administrator in the detail and on forms prescribed by the market administrator as follows:

(1) On or before the 7th day after the end of each delivery period each handler who purchased milk in bulk from producers (a) the receipts of milk or cream from each producer and each new producer and the number of days during the period shipments were received from each, (b) the quantity of milk received from each producer in excess of his respective base, (c) the butterfat content thereof, (d) the receipts of milk and cream and the test thereof from handlers, (e) the receipts of milk and the test thereof produced by him, if any, (f) the receipts of milk from any other source, (g) the utilization of all receipts of milk and cream for the delivery period, and (h) the name and address of each new producer; Provided further, That in reference to sales of milk, cream, and Class II products outside the marketing area the handler shall report in what market or area sold, name and address of purchaser, if sold to purchaser for resale, name and address if sold to a Federal Government Facility, the date of such sale or disposition, the plant from which such milk was shipped if from other than the handler's city plant and such other information with respect thereto as the market administrator may request.

Within 10 days after the market administrator's request with respect to any producer and new producer for whom information is not in the files of the market administrator and with respect to a period or periods of time designated by the market administrator, (a) the name and address, (b) the total pounds of milk or cream received, (c) the average butterfat test of milk and cream received, and (d) the number of days upon which milk is received.

Upon the request of the market administrator, report his producer pay roll for such delivery period, which shall show for each producer the net amount of such producer's payment with price deductions and charges involved.

(2) Handlers who do not receive milk from producers in bulk, upon the request of the market administrator, shall report on or before the 7th day after the end of each delivery period, on forms prescribed by the market administrator, such information as the market administrator may designate as to (a) the quantity of milk produced by them and the butterfat test thereof, (b) the receipts of milk or cream from each producer other than in bulk, (c) the receipts of milk and cream and the test thereof from handlers, and (d) the utilization of all receipts and own production for the delivery period.

(3) Verification of reports. Each handler shall make available to the market administrator or his agent (a) all records and facilities necessary for the verification of the information contained in the reports submitted and in the accounting for the usage of all receipts in accordance with the classification of milk as set forth in Sec. 913.3 and (b) those facilities which are necessary for sampling, weighing, and testing of the milk of each producer.

6. Delete Sec. 913.6 and substitute therefor the following:

Sec. 913.6 Application of provisions. (a) With respect to each handler who is also a producer receiving bulk milk -

(1) The market administrator, before making the computation in accordance with Sec. 913.7, shall (a) subtract pro rata out of each class the quantity of milk received from the handler's own farm, and (b) subtract from the total pounds of milk remaining in each class the total pounds of milk which were received from other handlers and used in such class.

(2) The market administrator, in computing the value of milk for any handler pursuant to Sec. 913.7, shall consider as Class III milk any milk or cream received in bulk by such handler from a handler who distributes part of his own production but for whom no base has been computed pursuant to Sec. 913.7(d).

(b) With respect to any handler who, during the delivery period, disposed of no milk as Class III milk and received from producers milk having an average butterfat content higher than that disposed of as Class I milk or as (3.8 percent milk equivalent of) Class II milk by such handler:

(1) The market administrator shall (a) determine the hundredweight of milk received from producers; (b) determine the hundredweight of milk disposed of as Class I milk and as (3.8 percent milk equivalent of) Class II milk; and (c) if the hundredweight of milk determined in (b) of this subparagraph exceeds the hundredweight of milk determined in (a) of this subparagraph, multiply such difference in the hundredweights of milk by the difference between the Class II price and an amount obtained by multiplying by 38 the butterfat differential as provided in Sec. 913.8(c) and add such amount to the sum obtained for such handler pursuant to Sec. 913.7(a).

7. Delete Sec. 913.7(a) and substitute therefor the following:

Sec. 913.7 Determination of uniform prices to producers. (a) Computation of value of milk for each handler. For each delivery period the market administrator shall compute, subject to the provisions of Sec. 913.6, the value of milk of producers and new producers disposed of by each handler who received milk in bulk by (a) multiplying the quantity of such



milk in each class by the price applicable pursuant to Sec. 913.4, and (b) adding together the resulting value in each class: Provided, That if any handler has received milk from any producer or new producer at a plant approved by any health authority in the marketing area and located more than 30 miles by the shortest highway route from the handler's city plant, the market administrator shall deduct, with respect to a like quantity of milk, if received, as was needed for the handler's total Class I and Class II milk plus 5 percent, in excess of the average daily quantities of milk received from producers by the handler at his city plant during the low month or receipts of the previous year, up to but not exceeding the amount per hundredweight specified for the distance of such plant from the handler's city plant, as follows, not more than 45 miles 17 cents per hundredweight; and for each additional 10 miles or fraction thereof an additional  $1\frac{1}{2}$  cents per hundredweight up to 70 miles; and from that distance on  $\frac{1}{2}$  cent per hundredweight for each additional 10 miles or part thereof; Provided further, That if the handler has more than one country plant the market administrator shall deduct the amount per hundredweight specified above with respect to a quantity of milk, if received at each plant, as was needed, in direct ratio of receipts at each plant for the handler's Class I and Class II milk, plus 5 percent, in excess of the average daily quantity of milk received from producers by the handler's city plant during said low month of receipts of the previous year: And provided further, That interhandler sales of such milk received at a country station shall be classified by the market administrator at the lowest class usage of the purchasing handler.

8. Renumber subparagraphs (4), (5), (6), and (7) of Sec. 913.7 (b) as subparagraphs (5), (6), (7), and (8) and insert the following as subparagraphs (4):

(4) Subtract the amount to be paid pursuant to Sec. 913.8(a)(3).

9. Delete from Sec. 913.7(b)(7) the phrase "5 cents" and substitute therefore the phrase "8 cents."

10. Delete from Sec. 913.7(b)(8) the phrase "8th" and substitute therefore the phrase "10th".

11. Delete paragraphs (c) and (d) of Se. 913.7 and substitute therefor the following:

(c) Base rating. For each delivery period the base of each producer shall be a quantity of milk calculated in the following manner: (a) multiply the applicable figure, effective pursuant to paragraph (d) of this section by the number of days on which milk was received from such producer during such delivery period, or (b) if no figure is effective for any producer who is not also distributing milk in his own behalf, and the total deliveries of milk to all handlers for the period are less than the total Class I and Class II milk plus 15 percent, take the

percent of total milk received from him during such delivery period which is obtained by dividing the total Class I milk and Class II milk of all handlers by the total milk received by such handlers. If the total deliveries of milk of all producers for the period are greater than the Class I and Class II milk plus 15 percent, base rating shall not apply except as provided in paragraph (d) of this section. Provided, That if the total deliveries of milk from producers are less than the total Class I milk and Class II milk plus 5 percent, the market administrator in the determination of a uniform price to producers, as provided in Sec. 913.7(b), shall waive base rating for said delivery period and shall compute a blended price on all milk received from producers.

(d) Determination for base rating. For the purpose of calculating, pursuant to paragraph (c) of this section, the bases of producers, including producers who are also handlers, the market administrator shall determine a figure with respect to deliveries of milk to handlers by each producer as follows:

(1) Effective up to and including June 30, 1936, divide the total deliveries of milk in bulk to handlers during the period of time beginning with November 16, 1935, and ending with February 15, 1936, by the number of days on which deliveries were made and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the daily average Class I milk and Class II milk disposed of during the 4th calendar quarter of the calendar year 1935 by all handlers who received such milk.

(2) Effective for each calendar quarter subsequent to June 30, 1936, divide the total milk received from each producer not in excess of his base during the next preceding calendar quarter by the number of days in the quarter and take such a percentage of the result as will make the total of all figures so determined approximately equal to 115 percent of the total daily average Class I milk and Class II milk disposed of within the marketing area during the 4th calendar quarter of the next preceding calendar year by all handlers who received such milk: Provided, That in case a producer is prevented, by the health department, through quarantine or degrading, from shipping milk, and said producer furnishes a written statement from the health department to the market administrator to that effect, the number of days (but not over 30 days in one quarter) involved by such ruling of the health department shall be deducted from the days in the quarter in determining base rating: Provided further, That in case weather conditions of an unusual and exceptional character prevent the operation of established trucking facilities utilized for the delivery of the milk of the producer to the handler, the number of days involved shall be deducted from the days in the quarter in determining base: And provided further, That for any delivery period when the total receipts of milk from producers are equal to or in excess of 115 percent of the total Class I and Class II milk, a producer shall be



credited with the delivery of his established base, in the computation of his base for the subsequent quarter, as provided for in this paragraph.

(3) In the event of allotment of a base to a producer who has shipped milk as a new producer, the market administrator shall determine the daily average deliveries of milk by such producer for the first 2 full calendar months immediately preceding the time when such a new producer becomes a producer. Such daily average deliveries of milk shall be multiplied by the percentage that base deliveries were to total total deliveries of milk to the market during such 2 calendar months by all base-holding producers on the market during the period.

(4) Producers selling milk or cream to a handler in bottles 30 days prior to the effective date hereof shall receive a base which is determined by taking that percentage which is in ratio to the purchases from all producers in bottles and sales of all handlers of said bottled milk purchased for the previous 12 months and applying this percentage to the average daily sales of the producer of bottled milk plus 15 percent.

(5) Producers who, 30 days prior to the effective date of this amended order, produced milk which was received by handlers in the amended marketing area other than by those in Kansas City, Missouri, corporate limits, shall receive the uniform price per hundredweight, equal to that of base milk, on that part of their milk needed for the Class I and Class II milk of their respective handlers plus a percent equal to the percent of delivered base over Class I and Class II sales of based producers - said milk in computation to be considered as base. At the end of the period of September 1941 the average of the period's Class I and Class II milk plus the determined percentage shall apply as a figure for determining the subsequent quarter base of these producers and thereafter shall be superseded by a figure determined pursuant to subparagraph (2) of this paragraph.

(6) In the case of a producer who distributes within the marketing area the milk he produces and who disposes of all or a part of his delivery routes to a handler, the market administrator shall determine a figure which is the average daily Class I milk and Class II milk produced and disposed of during the previous 3 months on such delivery routes of such producer which such producer and such handler jointly report as involved in the deal, subject to verification by the market administrator. Any figure determined pursuant to this subparagraph shall be effective from its determination until the end of the full calendar quarter next following and thereafter shall be superseded by a figure determined pursuant to subparagraph (2) of this paragraph.

(7) Base rules. The following rules shall be observed by the market administrator with allotment and adjustment of base rating and the administration thereof:

(a) Bases allotted to producers pursuant to subparagraph (2) of this paragraph may be transferred to one person only. The buyer and the seller shall jointly sign an affidavit before a notary public stating that the herd which was producing the base has been transferred with the base, listing the ear tag numbers of animals transferred and specifying the date the transfer is effective. Said affidavit to be recorded with the market administrator on or before the 5th day after the date of transaction. The market administrator shall transfer said base from seller to buyer as of effective date 10 days after the transfer is filed with the market administrator unless written protest is filed with the market administrator containing information that said sale was contrary to the terms of this paragraph; if upon investigation the market administrator finds the terms of this paragraph have been violated the base shall be cancelled.

Base transferred shall not be transferred again within 6 months of the date of purchase except in case of death of owner, in such case an administrator may sell said herd and base.

Seller of base shall not be entitled to earn a base as a new producer within 6 months from date of sale of his previous base.

(b) Any producer who ceases to market milk to a handler for a period of more than 30 days shall forfeit his daily base. In the event that he thereafter commences to market milk to a handler he shall receive a base computed in the manner provided in subparagraph (3) of this paragraph for the determination of bases to producers who are new producers and he shall be treated for the purpose of this section as if he were a new producer.

(c) Any producer who, as the result of official testing for tuberculosis or Bang's disease or testing for mastitis by a recognized veterinarian (documentary evidence of such losses, satisfactory to the market administrator, must be supplied), loses 20 percent or more of the cows in his herd shall be given 3 months to replace the cows lost through such testing, without any reduction at the beginning of the next calendar quarter in his daily base.

(d) A landlord who rents on a crop-share basis shall be entitled to the entire daily base to the exclusion of the tenant if the landlord owns the entire herd. Likewise, the tenant who rents on a crop-share basis shall be entitled to the entire daily base to the exclusion of the landlord if the tenant owns the entire herd. If the cattle are jointly owned by tenant and landlord, the daily base shall be divided between the joint owners according to the ownership of the cattle, if and when such joint owners terminate the tenant and landlord relationship.

(e) A producer, whether landlord or tenant of a farm, may retain his base when moving his entire herd of cows from one farm to another farm: Provided, That at the beginning of a tenant and landlord relationship the allotted base of each tenant and landlord shall be a combined base and may be divided only if such relationship is terminated.



(f) The base of any producer shall be automatically cancelled at the beginning of any delivery period during which such producer reports milk not produced by him as being milk of his own production for the purpose of maintaining or increasing his allotted base. Or, any new producer who shall report milk not produced by him shall lose all rights on the market, and shall have to reenter as a new producer.

12. Delete paragraphs (a), (b), (c), (d), (e), (f), and (g) of Sec. 913.8 and substitute therefor the following:

Sec. 913.8 Payments for milk. (a) Time and method of payment. On or before the 12th day after the end of each delivery period, each handler shall make payment, after deducting the amount of the payment made pursuant to paragraph (b) of this section for not less than the total value of milk of producers and new producers received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during such delivery period, computed according to Sec. 913.7 and subject to the differentials set forth in paragraphs (c) and (d), respectively, of this section as follows:

(1) To producers, at the uniform price per hundredweight computed pursuant to Sec. 913.7(b) for that quantity of milk received from producers not in excess of their respective bases; and

(2) To producers, at the Class III price, for that quantity of milk received from producers in excess of their respective bases;

(3) To new producers the Class III price for that quantity of milk received, provided, the delivery of milk by all producers and new producers is 15 percent or more than the total Class I milk and Class II milk for the period.

(b) Half delivery period payments. On or before the 25th day of each delivery period each handler shall make payment to each producer and new producer for the approximate value of the milk of such producer which, during the first 15 days of such delivery period, was received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period.

(c) Butterfat differential. If any handler has received or caused to be delivered to a plant from which no milk or cream is disposed of in the marketing area, during the delivery period, the milk of any producer and new producer having an average butterfat content other than 3.8 percent, such handler, in making payments pursuant to paragraph (a) of this section, shall add to the price per hundredweight for such producer or new producer, for each one-tenth of 1 percent of average butterfat content in milk above 3.8 percent, not less than, or shall deduct from

such price, for each one-tenth of 1 percent of average butterfat content in milk below 3.8 percent, not more than, an amount computed as follows: add 4 cents to the average price of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk was received, and divide the resulting sum by 10.

(d) Location differentials. In making payments pursuant to paragraphs (a)(1) and (a)(2) of this section for milk received from producers and new producers at plants approved by any health authority of the marketing area for the receiving of milk to be disposed of as milk or cream in the marketing area, and located more than 30 miles from the handlers's city plant, each handler shall deduct with respect to all milk received from such producers and new producers the amount per hundredweight specified for the distance of such plant from the handler's city plant as follows: not more than 45 miles, 17 cents per hundredweight; and for each additional 10 miles or part thereof, an additional  $1\frac{1}{2}$  cents per hundredweight up to 70 miles; and from that distance on,  $\frac{1}{2}$  cent per hundredweight for each additional 10 miles or part thereof.

(e) Additional payments. Any handler may make payment to producers and new producers in addition to the payments to be made pursuant to paragraph (a) of this section; Provided, That such additional payments shall be uniform as among all producers and new producers for milk of the same grade and quality.

(f) Producer-settlement fund. The market administrator shall establish and maintain a separate fund, known as the producer-settlement fund, into which he shall deposit all payments made by handlers pursuant to paragraphs (g) and (i) of this section and out of which he shall make all payments to handlers pursuant to paragraphs (h) and (i) of this section.

(g) Payments to the producer-settlement fund. On or before the 12th day after the end of each delivery period, each handler shall pay to the market administrator, for payment to producers and new producers through the producer-settlement fund, the amount by which the total utilization value of the milk of producers and new producers received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period is greater than the sum obtained by multiplying the hundredweight of such milk by the appropriate prices required to be paid producers and new producers by handlers pursuant to subparagraphs (1), (2), and (3) of paragraph (a) of this section, and adding together the resulting amounts.

(h) Payments out of producer-settlement fund. On or before the 12th day after the end of each delivery period, the market administrator shall pay to each handler, for payment to producers, the amount, if any,



by which the total utilization value of milk of producers received by such handler or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area during the delivery period is less than the sum obtained by multiplying the hundred-weight of such milk of producers by the appropriate prices required to be paid producers by handlers pursuant to subparagraphs (1) and (2) of paragraph (a) of this section, and adding together the resulting amounts. If at such time the balance in the producer-settlement fund is insufficient to make all payments pursuant to this paragraph, the market administrator shall reduce uniformly such payments and shall complete such payments as soon as the necessary funds are available. No handler who, on the 12th day after the end of each delivery period, has not received the balance of such reduced payment from the market administrator, shall be deemed to be in violation of paragraph (a) of this section if he reduces his payments to producers by not more than the amount of the reduction in payment from the producer-settlement fund. Nothing in this paragraph shall abrogate the right of a cooperative association to make payment to its member producers in accordance with the payment plan of such cooperative association.

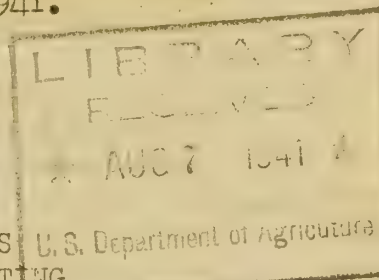
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Docket No. AO 23-A2-R1

Notice of reopening of  
hearing signed by the Under  
Secretary of Agriculture  
July 2, 1941.

UNITED STATES DEPARTMENT OF AGRICULTURE  
SURPLUS MARKETING ADMINISTRATION  
Dairy Division



PROPOSED AMENDED PROVISIONS OF ORDER NO. 13, AS AMENDED, AND OF THE TENTATIVELY APPROVED MARKETING AGREEMENT, AS AMENDED, REGULATING THE HANDLING OF MILK IN THE KANSAS CITY, MISSOURI, MARKETING AREA, UPON WHICH THE SECRETARY OF AGRICULTURE HAS ISSUED NOTICE OF REOPENING OF HEARING UNDER THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937.

The Secretary has received petitions to amend Order No. 13, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area, and to reopen a hearing held on May 14, 15, and 16, 1941. to receive further evidence on changes proposed at that time, concerning which no amendment has been issued. The petition to reopen the hearing was received from the following cooperative associations that together represent 50% or more of the dairymen supplying the Kansas City, Missouri, market: The Pure Milk Producers' Association of Greater Kansas City and the Bates County Milk Producers' Association.

One other amendment for the reopened hearing has been proposed by the Chapman Dairy of Kansas City, Missouri.

The Agricultural Marketing Agreement Act of 1937 authorizes the Secretary of Agriculture, after due notice of and opportunity for hearing, to amend marketing agreements and orders regulating the handling of milk.

In response to the petition of the above-named cooperative associations and handler, the Secretary of Agriculture has issued notice of a hearing to be held in Room 664, U. S. Court House, 811 Grand Avenue, Kansas City, Missouri, beginning at 10:00 a.m. c.s.t., July 7, 1941. At the above time and place, opportunity will be given for interested parties to present evidence with respect to each of the amended provisions proposed on May 14, 15, and 16, 1941, and the additional proposed amendments hereinafter named, which are to be considered as applying alike to Order No. 13, as amended, and to the marketing agreement, as amended, tentatively approved July 29, 1939. It is suggested that the interests of each party will be best served by a concise presentation of relevant facts in his possession, which he feels the Secretary of Agriculture should have in the record of the public hearing upon which to base a decision regarding each of such amended provisions, reserving his arguments for filing in written form, at the close of the hearing. Handlers will have the opportunity to sign a marketing agreement embodying the same terms as Order No. 13, as amended, with such amendments as may be determined from this hearing. If.



upon the facts in the record, the Secretary of Agriculture decides that he should amend Order No. 13, as amended, the content of such amendment will be made known to producers and their approval or disapproval of the amendment determined.

The publication of the proposed amended provisions of the tentatively approved marketing agreement, as amended, and Order No. 13, as amended, both in respect to the proposed amended provisions published for hearing on May 14, 15, and 16, of 1941, and in the form set forth below, are for the convenience of interested parties and are not to be considered as in any way signifying their approval by the Secretary of Agriculture.

1. Delete Sec. 913.4 and substitute therefor the following:

Sec. 913.4 Minimum prices. (a) Class prices. Except as set forth in paragraph (b) of this section, each handler shall pay, at the time and in the manner set forth in Sec. 913.8, not less than the following prices for milk received at such handlers plant or caused to be delivered by such handler to a plant from which no milk or cream is disposed of in the marketing area:

Class I milk - \$2.55 per hundredweight: Provided, That with respect to Class I milk disposed of under a program approved by the Secretary of the sale or disposition of milk to low-income consumers, including persons on relief, the price shall be not less than \$2.10 per hundredweight;

Class II milk - \$2.30 per hundredweight; and

Class III - The price per hundredweight which shall be calculated by the market administrator as follows: Multiply by 3.8 the average price per pound of 92-score butter at wholesale in the Chicago market, as reported by the United States Department of Agriculture for the delivery period during which such milk was received, and add 25%: Provided, That when the market administrator determines the price established by processors in the milkshed during such delivery period for ungraded milk of 3.8% butterfat content, used for manufacturing purposes to be higher, then such determined price shall be used in lieu of the price determined by the above formula.

(b) Sales outside the marketing area. The prices to be paid by handlers for Class I and Class II milk sold or disposed of in territory outside the limits of the marketing area, in lieu of prices otherwise applicable pursuant to paragraph (a) of this section shall be such prices as the market administrator ascertains were paid to farmers in the market where such milk was sold or disposed of for milk of equivalent use: Provided, That if no milk is purchased from farmers in the area in which the milk is sold or disposed of, the prices to be paid by handlers shall be the prices named for Class I and Class II milk pursuant to paragraph (a) of this section.

2. Delete from Sec. 913.7 subparagraph (4) of paragraph (b) and substitute therefor the following:

(4) Add the cash balance in his hands, from payments made by handlers during the delivery period next preceding but one, to meet the obligations arising out of Sec. 913.8(g).

3. Delete paragraph (c) of Sec. 913.8 and substitute therefor the following:

(c) Butterfat differential. If, during the delivery period, any handler has received from any producer or new producer, milk having an average butterfat content other than 3.8 percent, such handler, in making the payments prescribed in paragraph (a) of this section, shall add for each one-tenth of 1 percent of average butterfat content in milk above 3.8 percent, not less than, or shall deduct for each one-tenth of 1 percent of average butterfat content in milk below 3.8 percent not more than, an amount equal to one-thirty-eighth of the price for Class III milk computed pursuant to Sec. 913.4(a).

4. Submitted by the Chapman Dairy of Kansas City, Missouri:

Amend Sec. 913.7(a) in the tenth line thereof, by changing the figure "30" to the figure "25" and amend Sec. 913.8 (d) in the fifth line thereof, by changing the figure "30" to the figure "25."

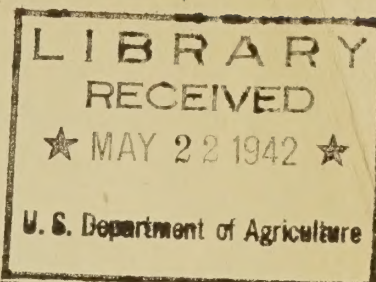




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KANSAS City, Mo.

Docket No. AO 23-A 2-RO 1

UNITED STATES DEPARTMENT OF AGRICULTURE  
SURPLUS MARKETING ADMINISTRATION  
Dairy Division



NOTICE OF REOPENING OF THE HEARING WITH  
RESPECT TO A PROPOSAL TO AMEND THE  
TENTATIVELY APPROVED MARKETING AGREEMENT  
AS AMENDED, AND ORDER NO. 13, AS AMENDED,  
REGULATING THE HANDLING OF MILK IN THE  
KANSAS CITY, MISSOURI, MARKETING AREA.

Notice is hereby given that the hearing with respect to a proposal to amend the tentatively approved marketing agreement, as amended, and Order No. 13, as amended, regulating the handling of milk in the Kansas City, Missouri, marketing area, will be reopened on July 7, 1941, at 10:00 a.m., c.s.t., in Room 664, U. S. Court House, 811 Grand Avenue, Kansas City, Missouri.

This notice is given pursuant to the provisions of Public Act No. 10, 73d Congress, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and of the General Regulations, Series A, No. 1, as amended, of the Agricultural Adjustment Administration, United States Department of Agriculture.

This public hearing is for the purpose of receiving additional evidence concerning the proposed amendments considered at the former hearing, and, in addition thereto, proposals to (1) amend the order so as to provide for a Class I price of \$2.55 per hundredweight and a Class II price of \$2.30 per hundredweight, (2) revise the price formula for Class III milk, (3) revise the provision relating to sales outside the marketing area, (4) revise the butterfat differential, and (5) revise the provision relating to location differentials.

Copies of the proposed amendments may be obtained from the Hearing Clerk, Office of the Solicitor, United States Department of Agriculture, Washington, D. C., in Room 0310 South Building, or may be there inspected.

(S) Paul S. Appleby  
Under Secretary of Agriculture

Dated: July 2, 1941

Washington, D. C.



